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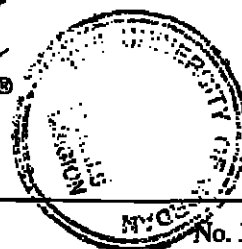
Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

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Paris, Friday, April 9, 1999



Europeans Attempt A 'Convincing' Rate Cut

Central Bank Strives to Lift Economies

By John Schmid
International Herald Tribune

FRANKFURT — The European Central Bank Thursday aggressively lowered interest rates for the continent's 11-nation single-currency bloc, citing an economic slowdown, slumping confidence and weak job creation.

"I wanted the move to be as convincing as possible," ECB President Wim Duisenberg said after the bank's governing board voted to cut its entire panoply of lending rates.

The ECB reduced its benchmark money market rate to 2.5 percent from 3 percent, more deeply than many economists had expected. Simultaneously it reduced its other two official rates that create a corridor for euro-bloc overnight bank lending, dropping the upper-end marginal lending rate by a full percentage point to 3.5 percent and its lower-end deposit facility by a half-point to 1.5 percent.

The Dollar			
	Thursday @ 4 P.M.	previous close	
Euro	1.0743	1.0783	
Pound	1.8055	1.806	
Yen	121.15	121.375	
DM	1.8207	1.8148	
FF	6.1082	6.0864	
Dollars per pound and per euro			
	Thursday close	percent change	
£	112.39	+1.11%	
€	107.70	+1.11%	
S&P 500			
	1,344.00	+1.29%	
Nasdaq			
	2,573.39	+1.14%	

The deep easing in the terms of credit was intended to lubricate Europe's sluggish economies while shielding the ECB from its many political critics who have denounced the three-month-old bank for its previous inaction on interest rates. The action Thursday was the first interest-rate move since Europe's common currency, the euro, was introduced Jan. 1.

But the move failed to give the currency a lift against the dollar Thursday, as the euro lost gains registered early in the day. In late trading in New York, the euro was quoted at \$1.0743, down from \$1.0783 on Wednesday.

Mr. Duisenberg bluntly served notice that the credit easing Thursday would be the last in the current economic cycle, expressly shifting responsibility for the continent's high unemployment to Europe's political leaders.

"The unacceptably high rate of unemployment is due to structural factors and inefficiencies in markets for labor and markets for goods," he said.

Highlighting Europe's overall slowdown, Britain separately cut rates Thursday in hope of providing support to that country's nascent economic recovery. (Page 15)

Now that the ECB has said it has done all it can, Mr. Duisenberg pressed governments to undertake painful structural deregulation and tax measures to unleash new activity. By cutting rates, the central banker said he wanted to disarm the politicians who had blamed unemployment on central banks, saying it would now be more clear than ever that monetary policy could not compensate for

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NATO Steps Up Its Air Attacks

Amid Reports of New Massacres

Allies May Hit Serb Television

By Joseph Fitchett
International Herald Tribune

PARIS — NATO countries sharply escalated political accusations against Yugoslavia on Thursday, including charges of fresh massacres of civilians in Kosovo, even as Belgrade claimed to be preparing a peaceful solution of the crisis on its own terms.

The Western offensive seemed designed to keep President Slobodan Milosevic isolated internationally and allow time for NATO's intensifying air war to bite deeper into the Serbian military.

Defense Minister Rudolf Scharping of Germany said at a news conference in Bonn that in the last 24 hours "a massacre took place near the town or village of Pastic and 35 unarmed civilians were assassinated in the village of Sopi."

The report offered a forceful rebuttal to the claims of Belgrade's state-run media that Serbian security forces had ended their offensive against "terrorist" ethnic Albanian guerrillas and restored peace in Kosovo.

European Union foreign ministers gave strong support Thursday to NATO air strikes against Yugoslavia and said Serbian leaders responsible for atrocities in Kosovo should be brought to justice.

"In the face of extreme and criminally irresponsible policies," the foreign ministers said in a statement after a meeting in Luxembourg, the "use of the severest measures, including military action, has been both necessary and warranted."

Serbian forces were reported laying land mines along the borders of Kosovo, and displaced civilians were being prevented from leaving the province. The ethnic Albanian civilians might be used as hostages — perhaps even as human shields as allied attacks close in on vital targets, according to Javier Solana, secretary-general of the alliance.

The United States said Thursday that it had credible evidence of summary executions in eight towns in Kosovo and Serbian acts of destruction, including house burnings and targeting of ethnic Albanians.

"Independently we've been able to confirm that the Serb forces are conducting this type of ethnic cleansing in Kosovo," said James Rubin, the State Department spokesman.

After air strikes on military sites in

Kosovo, Mr. Rubin said, Serbian forces moved in to destroy civilian houses and buildings nearby to make it had caused much "collateral damage — trying to present a phony description to the world."

The charges of atrocities, even without independent verification, reinforced a picture of Serbian determination to inflict a maximum of brutality on the ethnic Albanians. The charges also increased psychological pressure for faster allied military gains, even while Western officials were still hopeful that the air campaign would succeed in time to stave off pressure for a ground offensive.

A hint that alliance commanders were starting to chafe at political constraints on the scope and the punch of their campaign surfaced when General Wesley Clark, who heads NATO and U.S. forces in Europe, said he wanted significantly more American and allied warplanes in order to intensify the air strikes.

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NATO Strikes Of Crossings Along Danube Disrupt Trade

By Edmund L. Andrews
New York Times Service

FRANKFURT — The bombing by the North Atlantic Treaty Organization of bridges along the Danube river in Yugoslavia has stranded scores of freighters from Budapest to the Black Sea and paralyzed shipments of oil, iron ore, soybeans and sunflower seeds to Western Europe.

Though experts say the disruption will have a limited impact on Yugoslavia itself because its trade with Western Europe is negligible, it is likely to be painful for Hungary, Romania, Bulgaria and Ukraine.

Approximately 60 ships, most of them loaded with such agricultural products as wheat and corn, are now stuck in Mohacs, Hungary, because they cannot get past the bombed-out bridges to their destinations in Romania and Bulgaria.

In Austria, a leading producer of construction materials has been cut off from its Romanian cement suppliers. Another company in Vienna is waiting for a barge load of sunflower seeds that has been blocked from leaving Romania.

"The whole Danube waterway has been blocked because of the bridges that were completely damaged in Yugoslavia," a spokesman for the Hungarian Transportation Ministry said.

Celebrated in the "Blue Danube" waltz by Johann Strauss, the river is a major transportation link that flows 3,000 kilometers (1,800 miles) from the Black Forest in southern Germany through Austria to the Balkans and the Black Sea.

But the attack on Yugoslavia has sliced the Danube in two, cutting off downstream countries such as Romania and Bulgaria from their upstream markets in Western Europe.

"Until last week, we had fairly unrestricted transit all the way through to the Black Sea," said Karl Hillerer, a top

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AGENDA

Turkish Aide Hurt By Suicide Bomber

DIYARBAKIR, Turkey (Reuters) — A suspected Kurdish rebel wounded the governor of a province in mainly Kurdish southeastern Turkey and killed his driver in an apparent suicide bombing Thursday, the Anatolian news agency said.

It was the third bomb attack on a provincial governor since the capture in February of the Kurdish guerrilla leader Abdullah Ocalan. The bomber died on the spot.

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Zhu and Clinton Meeting Yields No WTO Accord

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton warmly welcomed Prime Minister Zhu Rongji of China to Washington on Thursday, but the leaders failed to reach agreement on terms for China to join the World Trade Organization and a U.S. official said, debated at length the NATO assault on Yugoslavia.

Mr. Clinton said that the two had made "significant progress" on reaching a framework accord on WTO, aimed at lowering a wide range of Chinese obstacles to trade. He added, "We are not quite there yet."

"In my view," Mr. Zhu said, "the gap is not very significant."

The two sides issued a joint statement committing themselves to resolve all remaining issues this year, in time for a November meeting of the 134-nation free-trading group in Seattle.

A new round of global trade liberalization talks are to begin late this year. If China fails to gain WTO membership by then, it would be excluded from the negotiations and its entry might be delayed for years.

In addition to trade, Clinton said that he and Zhu had spoken "directly and openly" on issues including the stability of the Korean Peninsula, nuclear competition between India and Pakistan, and weapons nonproliferation.

While the president said he had "no illusions" of settling all differences, it was "in the interest of the American people and the Chinese people that whenever we can cooperate, we should."

Mr. Zhu, too, played down bilateral differences, saying that sometimes it is the "nations that are able to say no to you" that "are the best friends to you."

With a mixture of candor and humor that brought frequent laughs from American and Chinese reporters, he said he had been "really reluctant to come" to America because "political sentiment in the United States is so anti-China." But he said he had been warmly received.

The outcome of the trade negotiations between the world's largest economy

and its largest potential market will carry crucial weight for China's aspirations, though Beijing also needs to reach agreements with other major trade partners, including the European Union.

Mr. Clinton and Mr. Zhu also differed markedly on the NATO air campaign in Yugoslavia, a U.S. official said. Beijing, which bristles when its handling of Tibet or its hopes for reunification with Taiwan are criticized, opposes the alliance campaign as interference in the internal affairs of Yugoslavia.

"America has a stake in China's success," Mr. Clinton said earlier at a White House welcoming ceremony, during which Mr. Zhu was greeted with full military honors.

Both leaders frankly acknowledged the deep array of differences separating them but said their shared interests were of greater importance.

Disputes over human rights, Taiwan

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Mr. Clinton and Mr. Zhu during arrival ceremonies on Thursday.

UN Official 'Very, Very Worried' on Refugees

As Yugoslavia forces seal its borders and tell thousands of ethnic Albanian refugees to return home, a UN high commissioner says she is "very, very worried" about those Kosovars who have apparently been prevented from leaving. Page 4. • Tribunal

Milosevic Calls a New, Softer Tune

His Moves to Reverse the Exodus Will Force NATO to Adjust Its Tactics

By Michael Dobbs
Washington Post Service

BELGRADE — With his move to close Kosovo's borders and reverse the flow of refugees from the province, President Slobodan Milosevic of Yugoslavia has again demonstrated considerable flair for suddenly changing the course of the conflict with the United States and its NATO allies.

Just as Mr. Milosevic's decision to launch an all-out offensive against Kosovo's ethnic Albanian population last month caught Western officials by surprise, his move to turn off the Albanian exodus from the province will force NATO to adjust its tactics even as it continues its bombing campaign against Yugoslav military targets.

The decision to close Serbia's borders was accompanied by a number of conciliatory gestures from Mr. Milosevic aimed primarily at international public opinion. These included hints that he may be about to release three imprisoned American servicemen, the announcement of a unilateral cease-fire for Orthodox Easter and a government-arranged tour of Kosovo's capital, Pristina, for Western television crews.

The decision to close the borders and order refugees to go home, at the point of a rifle if necessary, achieves several things for Mr. Milosevic.

First, it will reduce television images of ethnic Albanian suffering and a procession of refugees that have inflamed public opinion in Western countries against the Serbs. For all of Mr. Milosevic's tactical prowess, he clearly underestimated the impact that pictures of the exodus from Kosovo would have on public opinion in Western countries, thereby undercutting his hopes of splitting the North Atlantic Treaty Organization.

Second, from a military point of view, the presence of a disarmed and cowering Kosovo Albanian population makes it more difficult for NATO to attack Mr. Milosevic's military

forces in the province or to wrest Kosovo from Serbia, the dominant Yugoslav republic.

As long as Mr. Milosevic was conducting an all-out attack on the Kosovo Liberation Army, the main secessionist force in the province, it made sense to drive out ordinary ethnic Albanians because they provided cover under which the guerrillas could operate. But now that the guerrilla force has been eliminated as a serious military threat, at least in the short term, the calculation has been reversed. A Kosovo empty of all inhabitants save for government security forces would be an easier target for NATO.

Although Mr. Milosevic's latest moves fall well short of NATO demands for a withdrawal of government forces from Kosovo and a return of refugees under international protection, they do suggest that he is looking for ways out of the crisis. After two weeks of NATO bombing and stubborn defiance by Belgrade, the endgame still seems far away.

What the world is witnessing now is the beginning of the middle game. After shocking the world with his opening gambit — clearing Kosovo of more than a quarter of its ethnic Albanian population — Mr. Milosevic is embarking on what could be a protracted war of wits with President Bill Clinton and other Western leaders.

Analyzing the future course of the war is complicated by the fact that one side, NATO, is a collection of 19 fractious democracies, while the other, Serb-led Yugoslavia, is an authoritarian regime ruled by a secretive leader, but one with substantial popular support at present. Even if NATO enjoys the advantage of overwhelming military superiority, assuming it is willing to exercise it, Mr. Milosevic has the ability to keep his opponents guessing over his ultimate intentions.

Yugoslav news media began reporting Tuesday that Koso-

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China's Trade Hopes Threaten Hong Kong's Cachet

By Mark Landler
New York Times Service

HONG KONG — For China, which has spent the past 13 years trying to gain entry into the World Trade Organization, the benefits of joining the club of trading nations are manifest.

But for Hong Kong, which has thrived as a middle-man between China's closed markets and the outside world, the prospect of a more open China raises hard questions about the future of this trading post.

As a former British colony and semiautonomous region of China, Hong Kong is a stand-alone trading entity with its own membership in the WTO. But its

economic fortunes are so intertwined with China's that people here have followed Beijing's campaign to gain entry as if it were their own.

At first blush, China's success has buoyed local investors. The Hong Kong Stock Exchange rocketed to its highest level in 12 months Thursday, in part because shareholders anticipated a successful resolution to the negotiations this week between the Chinese and U.S. governments.

"The WTO issue has helped sentiment in the market," said Miron Mushkat, global head of economics and strategy at Indocam Asia Asset Management. "But it doesn't take much for sentiment to turn around."

In negotiations Thursday, the U.S. and China failed to reach an agreement on eliminating China's trade barriers. Even if China gains admission to the trade body in November, the event would be decidedly mixed for Hong Kong. While many analysts predict a deal would greatly expand trade with China, it could also threaten Hong Kong's historic role as the broker for much of that wheeling and dealing.

Already, some of the concessions Beijing has made in trade negotiations pose a threat to companies here. On Tuesday, just before Prime Minister Zhu Rongji arrived in Washington, China and the United States agreed to

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Newstand Prices	
Andorra	10.00 FF Lebanon
Amiles	12.50 FF Morocco
Amiles	12.50 FF Morocco
Cameroon	1.600 CFA
Egypt	12.50 FF
Egypt	12.50 FF
France	10.00 FF Saudi Arabia
Gabon	1.100 CFA
Gabon	1.100 CFA
Italy	3.000 Lire
Italy	3.000 Lire
Jordan	1.250 JD
Jordan	1.250 JD
Kuwait	700 Fils U.S. \$1.00



ASIA/PACIFIC

Militiamen Vow to Press Separatists in East Timor

DILI, East Timor — Thousands of anti-independence militiamen, some accused of massacring at least 25 villagers this week, vowed Thursday to step up their fight against separatists who want East Timor to break away from Indonesia.

About 2,000 fighters brandishing swords, iron bars and other homemade weapons rallied at Maliana, a remote town about 140 kilometers (85 miles) west of the territory's capital, Dili, residents said.

"Many of them chanted 'Long live Indonesia.' They waved red and white Indonesian flags," Sumarsono Sritadi, a Roman Catholic priest, said by telephone from Maliana.

Organizers of the rally said 13 armed groups had taken part. A militia spokesman, Basilio Araujo, said 15,000 people had attended, including 2,000 armed fighters. No independent confirmation of the numbers was available.

The town, near the border with West Timor, is the headquarters of pro-Jakarta militias in East Timor.

There were no reports of trouble Thursday after bloodshed this week in the former Portuguese colony, which has been racked by guerrilla warfare and human-rights abuses since Indonesia invaded it in 1975.

On Tuesday, anti-independence fighters, allegedly backed by Indonesian troops and police, shot and hacked terrified villagers to death in clouds of tear gas outside a church in Liquica, 28 kilometers west of Dili, witnesses said.

Indonesia has been plagued by civil unrest since the ouster last May of then-President Suharto, and the military has been outnumbered in many riots.

Stores were boarded shut in Liquica on Thursday, and there were few people on the streets.

Bishop Carlos Belo, the 1996 Nobel peace laureate who is the territory's spiritual leader, said at least 25 people had been killed.

A Dili-based human rights group, Yayasan Hak, estimated from witnesses' accounts that 52 people had been killed and their bodies dumped at sea or in a nearby lake.

Bishop Belo and pro-independence activists, along with Portugal, condemned the violence as a massacre and have demanded an international inquiry into the killings, the worst since Indonesian soldiers fired on separatists at a cemetery in Dili in 1991, killing at least 50. Human-rights activists put that death toll at more than 200.

The violence Tuesday cast a shadow over plans by the United Nations to hold a vote in July among East Timor's people on whether to remain within Indonesia as an autonomous state or become independent.

Anti-independence leaders said they planned to hold more rallies in reaction to a call to arms Monday by the jailed pro-independence guerrilla leader Jose Alexandre Gusmao.

Mr. Gusmao appeared, however, to soften his stand Wednesday, saying he only wanted East Timor's people to defend themselves. (AP, Reuters)

2 Held in 1965 Uprising Freed

Two Communists were released from prison Thursday in Padang, Indonesia, after serving 33 years for their alleged involvement in the 1965 coup blamed on the Indonesian Communist Party, Agency France-Presse reported from Padang on the island of Sumatra.

Sri Suharto, 71, and Buyung Kenek, 59, were among 10 political prisoners sentenced to death or life imprisonment more than 30 years ago who were pardoned in March by the government of President B.J. Habibie.



NEW BROOMS SWEEP CLEAN — Two officials inspecting a display of brooms Thursday in Bangkok. The exhibition is part of a cleanup campaign to encourage citizens to make the city more liveable.

BRIEFLY

Mahathir, Reported Improving, Hopes to Go Back to Work Soon

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad, in the hospital for a sixth day with a lung infection diagnosed as bronchitis, said Thursday that he felt better and hoped to return to work soon.

Speaking on state television, Mr. Mahathir said: "Thank God, I'm getting better. My appetite has improved. There is no need for anyone to worry."

Mr. Mahathir, 73, entered the National Heart Institute on Friday. Authorities say he is recovering, but his disappearance from public view has stirred rumors in financial and commodity markets.

Mr. Mahathir, whose aides said he had suffered a buildup of phlegm, spoke haltingly and with an unusually deep voice.

Mr. Mahathir had a heart bypass in 1989, but aides say his current illness has no connection to that. (Reuters)

Taipei Talks Tough on Beijing

TAIPEI — President Lee Teng-hui reaffirmed Taiwan's demand Thursday to be recognized as an equal and refused to start discussing political matters with Beijing related to reunification with the mainland.

"Our mainland policy construct remains exactly the same from start to finish," Mr. Lee said in his address to an advisory board on China policy.

China retains its stance that Taiwan must be isolated and cajoled into reunifying and has offered no positive response to Taiwan's calls for better relations, he said.

Mr. Lee mitigated the harshness of his remarks by saying he hoped that the Chinese negotiator Wang Daohan would have a successful visit to Taiwan. (AP)

U.S.-Japan Prisoner Swap?

TOKYO — The United States is negotiating a pact with Japan to allow citizens from one country who are convicted in the other to serve their sentences in their homelands, the U.S. Embassy said Thursday.

The idea is that prisoners would be better rehabilitated and reintegrated into society in their own countries, an official at the U.S. Embassy said.

There are 37 Americans in Japanese prisons and nine awaiting either trial or deportation, and there are about 20 Japanese prisoners in U.S. prisons. (AP)

Malaysia Virus Stumps Experts

KUALA LUMPUR — A tropical virus that has killed 90 people in Malaysia is the first of its kind, and virologists are stumped as to how it spreads, an American health official said Thursday.

Nine scientists from the United States and others from Australia, Taiwan and Japan arrived in Malaysia several weeks ago to help determine the nature of the virus believed to be spreading from pigs to humans.

"This is a new, previously unrecognized virus found in humans," Tom Skinner, a spokesman for the U.S. Centers for Disease Control and Prevention in Atlanta, said. "This virus has never been seen before." (AP)

For the Record

Top editors resigned at The Manila Times, one of the Philippines' oldest newspapers, to protest the owners' decision to apologize to President Joseph Estrada for a report that prompted a \$2.6 million libel lawsuit. The president responded by saying he would drop the lawsuit. (AP)

Sikhs Flock to India for Anniversary

Agence France-Presse

ANANDPUR SAHIB, India — Tens of thousands of Sikhs from around the world converged Thursday on this northern Indian town as the largest gathering in Sikh history marked the founding 300 years ago of the religion's biggest sect.

Anandpur Sahib, or "City of Bliss," which has been given a 5 billion rupee (\$117 million) face-lift for the celebrations, provided a starting all-white backdrop to the crowds of bearded Sikhs wearing turbans in a multitude of colors.

Up to 5 million Sikhs, or one quarter of the religion's global community, are expected to pass through Anandpur Sahib, in Punjab state, during the one-week anniversary.

Sikhism is more than 500 years old. But this anniversary marks the founding 300 years ago of a militant fraternity called the Khalsa, or the pure, by the 10th and last Sikh guru, Gobind Singh.

Today the vast majority of Sikhs belong to the sect. The men are recognizable by their turbans and beards.

White-robed and saffron-turbaned pilgrims, on bicycles, trucks, buses and tractors, passed under hundreds of arches festooned with festive bannermen and streamers hung across the road from Chandigarh, the capital of Punjab, 80 kilometers (50 miles) to the east.

The roads of Anandpur Sahib seethed with pilgrims. The Red Cross treated more than 3,000 people for exhaustion. For Parkash Singh Badal, chief minister of Punjab and the Sikhs' top political leader, the event is an opportunity to reassert the tenets of the faith.

"The Sikh social order is for providing justice to everyone, irrespective of caste or creed," Mr. Badal said. "Sikhism is all the more relevant today than ever before."

The focus for the pilgrims was Anandpur Sahib's main shrine, the Takht Kesgarh — one of the five symbolic seats of temporal authority in Sikhism. Tens of thousands of pilgrims waited to enter the shrine complex.

Sprawling tent cities have been constructed on the town's outskirts and communal canteens dole out free food.

More than 5,000 police officers, including special anti-terrorist units, have been deployed in and around the town amid fears of a possible attack by hard-line Sikh separatist groups.

"We have taken every possible precaution," said the district police chief, Jaskaran Singh. "The safety and security of the pilgrims is paramount."

Inaugurating the celebrations, Prime Minister Atal Behari Vajpayee paid tribute to the "great sacrifices" made by Sikhs over the centuries.

"The birth of the Sikh religion gave India a new lease of life and helped forge unity among Indians because it is casteless," Mr. Vajpayee said.

Although the mood among the pilgrims was relaxed and festive, a shadow was cast over the event by a bitter factional dispute between the religion's political and religious leaders.

Sikhs opposed to the faction led by Mr. Badal set up separate camps in Anandpur Sahib and held rival meetings and prayer sessions.

Badal has gathered his forces and made it look like a government celebration," said S.S. Bhaure, the former acting chief of the Kesgarh shrine. "He is worse than a dictator."

Mr. Badal called the parallel celebrations "divisive."

Solidly Pacifist Japan Rethinks Its Pacifism

Vulnerability and Realpolitik Fuel Changes

By Stephanie Strom
New York Times Service

TOKYO — When Japan fired warning shots at suspicious boats that ventured into its territorial waters last month, it was the clearest signal to date that this staunchly pacifist country was taking its gloves off.

There is a new willingness to assume a public role in regional defense that Japan has long shunned because of its militarist past and the fears of neighbors it once threatened.

Japanese legislators are openly talking about once-taboo possibilities such as building first-strike capabilities and putting Japanese troops in peacekeeping operations that would expose them to combat.

There are plans to buy new weapons, and there is a heated debate about loosening restrictions on Japan's military support for the United States in the region. There is a renewed sense of vulnerability, too, about threats from North Korea and even China.

"The government has gained the confidence and courage to speak out about the need for a strong defense, and that's a very big change," said Kenzo Yoneda, a legislator from the governing Liberal Democratic Party who has taken a leading role in pushing for Japanese forces to gain first-strike capability.

"The taboo on the discussion of defense is fading," he said.

The issues of defense and, more broadly, what defines the Japanese nation, are now being debated broadly and heatedly.

"We are increasingly concerned as a nation that our basic defense system is inadequate," Mr. Yoneda said.

The government has authorized the purchase of four reconnaissance satellites for deployment by 2002, and despite China's strenuous objections, it has agreed to pay a significant part of the research and development expenses related to building a missile-defense system for the region.

Discussions are under way about plans to buy airborne refueling equipment and to outfit assault ships with decks that would allow helicopters and Harrier-type aircraft to land in midsea.

The opposition Democratic Party, normally somewhat dovish, has established a study group to develop a policy on North Korea that is likely to include proposals for strengthening Japan's defense.

For most of Japan's postwar years, Article 9 of the constitution, which forbids all military activity except self-defense, was sacrosanct. Now talk about changing it has evolved from the demands of a handful of rightist legislators to a serious give-and-take that many feel may indeed lead to amendment.

"There's been a real move away from what might be considered a pure hedgehog defense," said Richard Samuels, an expert on Japanese defense matters and head of the Japan program at the Massachusetts Institute of Technology.

"In full public view, there's this whole set of measures that the Japanese government is taking — sometimes with America's support, sometimes at its request and sometimes despite its consternation — to shift away from a strictly defensive defense."

There is still much traditional ambivalence surrounding the subject of the military in Japan, where many still harbor memories of the imperialistic militarism that led to World War II in Asia and made Japan the scourge of its neighbors.

That ambivalence is reflected in the current parliamentary debate over revisions to the military guidelines that govern cooperation between Japanese and U.S. forces in the region, forcing Prime Minister Keizo Obuchi and others to hint that they may have to water down the proposed changes to get them passed.

As they stand, the revisions would enable the Self-Defense Forces, Japan's army, to support U.S. troops in "areas surrounding Japan," as well as to offer logistic support, search-and-rescue operations and inspections of suspect ships. In other words, if sparks fly in the Taiwan Strait or between North and

South Korea, Japanese forces would be required to play a substantial supporting role.

More than 45,000 American troops are stationed in Japan, including an aircraft carrier and a Marine Corps division, but the old guidelines are sketchy on Japan's obligations to support those troops in the event of a military crisis in the region.

U.S. officials regard the changes as long overdue, with Japan at last shouldering responsibility for its defense.

But many Japanese consider the changes a sign of waning American interest in attending to Japan's defense concerns now that the Cold War is over. If Japan becomes more militarily powerful, the argument goes, it will make the United

"The government has gained the confidence and courage to speak out about the need for a strong defense, and that's a very big change."

States stay in the region, if only to keep an eye on what the Japanese are doing.

China and North Korea are not really the direct cause of the increased interest in enhancing defense capabilities," said Masanori Nishi, an official at the Defense Facilities Administration Agency. "They're a type of reasonable excuse."

"The real worry," he added, "is that the American commitment or the logic behind the American participation in maintaining regional stability is shaky, that it's necessary to encourage and support American interest in the Far East."

North Korea is helping in that effort. The two ships that the Japanese chased March 23 are believed to have been sent by Pyongyang, which has become increasingly belligerent.

In August, North Korea sent a projectile, known as the Taepo Dong-1, soaring toward Tokyo. It landed in the Pacific Ocean, but it riveted the attention of the Japanese public on the issue of defense in a way that little else has.

In that sense, the Taepo Dong-1 was the biggest boon that proponents of a stronger Japanese military have had in years. Former Prime Minister Ryutaro Hashimoto, regarded as one of the more hawkish members of the Japanese political elite, has even joked privately that he is so grateful for that incident that he half considered sending Kim Jong Il, the North Korean leader, a birthday present.

But some of Japan's moves have alarmed its neighbors. The Chinese government objects to Japan's planned investment in a missile-defense system, which is likely to cast its umbrella over Taiwan. Beijing was angry about recent remarks by senior Japanese politicians suggesting that the revised guidelines would include China and Taiwan.

Some Japanese are also concerned, pointing to similarities between Japan's current economic woes and a depression in the early 1930s, which was brought to an end in 1935 by a rise of militarism that pulled the economy out of its slump, fueled a brutal regional imperialism and led Japan into World War II.

The parallels are immediately dismissed by those who note that the government would have to invest vast sums of money and overcome overwhelmingly negative public sentiment to achieve a buildup even remotely similar to the earlier period.

Nonetheless, the government recently said the four reconnaissance satellites it intends to have in place by 2002 would be made by Japanese manufacturers from Japanese components, which suggests that there might be at least a bit of an economic element to the current hawkish noises emanating from Japan.

Others say Japan's military abilities are already more substantial than many realize. Even though Japan has officially spent no more than 1 percent of its gross domestic product on defense since the 1960s, the size of its economy makes it the world's second- or third-biggest spender after the United States.

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.

Europe

City	Today	Tomorrow	Day After
Algeria	25-37 15-24	25-37 15-24	25-37 15-24
Amsterdam	18-22 10-15	18-22 10-15	18-22 10-15
Ankara	18-22 10-15	18-22 10-15	18-22 10-15
Athens	18-22 10-15	18-22 10-15	18-22 10-15
Bangkok	18-22 10-15	18-22 10-15	18-22 10-15
Beijing	18-22 10-15	18-22 10-15	18-22 10-15
Bombay	18-22 10-15	18-22 10-15	18-22 10-15
Buenos Aires	18-22 10-15	18-22 10-15	18-22 10-15
Calcutta	18-22 10-15	18-22 10-15	18-22 10-15
Chongqing	18-22 10-15	18-22 10-15	18-22 10-15
Dhaka	18-22 10-15	18-22 10-15	18-22 10-15
Hong Kong	18-22 10-15	18-22 10-15	18-22 10-15
London	18-22 10-15	18-22 10-15	18-22 10-15
Los Angeles	18-22 10-15	18-22 10-15	18-22 10-15
Manila	18-22 10-15	18-22 10-15	18-22 10-15
Moscow	18-22 10-15	18-22 10-15	18-22 10-15
New Delhi	18-22 10-15	18-22 10-15	18-22 10-15
Paris	18-22 10-15	18-22 10-15	18-22 10-15
Rangoon	18-22 10-15	18-22 10-15	18-22 10-15
Seoul	18-22 10-15	18-22 10-15	18-22 10-15
Singapore	18-22 10-15	18-22 10-15	18-22 10-15
Taipei	18-22 10-15	18-22 10-15	18-22 10-15
Tokyo	18-22 10-15	18-22 10-15	18-22 10-15
Yokohama	18-22 10-15	18-22 10-15	18-22 10-15

North America

City	Today	Tomorrow	Day After
Alaska	18-22 10-15	18-22 10-15	18-22 10-15
Arizona	18-22 10-15	18-22 10-15	18-22 10-15
California	18-22 10-15	18-22 10-15	18-22 10-15
Colorado	18-22 10-15	18-22 10-15	18-22 10-15
Connecticut	18-22 10-15	18-22 10-15	18-22 10-15
Delaware	18-22 10-15	18-22 10-15	18-22 10-15
District of Columbia	18-22 10-15	18-22 10-15	18-22 10-15
Florida	18-22 10-15	18-22 10-15	18-22 10-15
Georgia	18-22 10-15	18-22 10-15	18-22 10-15
Hawaii	18-22 10-15	18-22 10-15	18-22 10-15
Idaho	18-22 10-15	18-22 10-15	18-22 10-15
Illinois	18-22 10-15	18-22 10-15	18-22 10-15
Indiana	18-22 10-15	18-22 10-15	18-22 10-15
Iowa	18-22 10-15	18-22 10-15	18-22 10-15
Kansas	18-22 10-15	18-22 10-15	18-22 10-15
Kentucky	18-22 10-15	18-22 10-15	18-22 10-15
Louisiana	18-22 10-15	18-22 10-15	18-22 10-15
Maine	18-22 10-15	18-22 10-15	18-22 10-15
Maryland	18-22 10-15	18-22 10-15	18-22 10-15
Massachusetts	18-22 10-15	18-22 10-15	18-22 10-15
Michigan	18-22 10-15	18-22 10-15	18-22 10-15
Minnesota	18-22 10-15	18-22 10-15	18-22 10-15
Mississippi	18-22 10-15	18-22 10-15	18-22 10-15
Missouri	18-22 10-15	18-22 10-15	18-22 10-15
Montana	18-22 10-15	18-22 10-15	18-22 10-15
Nebraska	18-22 10-15	18-22 10-15	18-22 10-15
Nevada	18-22 10-15	18-22 10-15	18-22 10-15
New Hampshire	18-22 10-15	18-22 10-15	18-22 10-15
New Jersey	18-22 10-15	18-22 10-15	18-22 10-15
New Mexico	18-22 10-15	18-22 10-15	18-22 10-15
New York	18-22 10-15	18-22 10-15	18-22 10-15
North Carolina	18-22 10-15	18-22 10-15	18-22 10-15
North Dakota	18-22 10-15	18-22 10-15	18-22 10-15
Oklahoma	18-22 10-15	18-22 10-15	18-22 10-15
Oregon	18-22 10-15	18-22 10-15	18-22 10-15
Pennsylvania	18-22 10-15	18-22 10-15	18-22 10-15
Rhode Island	18-22 10-15	18-22 10-15	18-22 10-15
South Carolina	18-22 10-15	18-22 10-15	18-22 10-15
South Dakota	18-22 10-15	18-22 10-15	18-22 10-15
Tennessee	18-22 10-15	18-22 10-15	18-22 10-15
Texas	18-22 10-15	18-22 10-15	18-22 10-15
Utah	18-22 10-15	18-22 10-15	18-22 10-15
Vermont	18-22 10-15	18-22 10-15	18-22 10-15
Virginia	18-22 10-15	18-22 10-15	18-22 10-15
Washington	18-22 10-15	18-22 10-15	18-22 10-15
West Virginia	18-22 10-15	18-22 10-15	18-22 10-15
Wisconsin	18-22 10-15	18-22 10-15	18-22 10-15
Wyoming	18-22 10-15	18-22 10-15	18-22 10-15

Asia

	Today			Tomorrow		
	High	Low	Wind	High	Low	Wind
Algeria	24/23	17/13	10-15	24/23	17/13	10-15
Amsterdam	24/23	17/13	10-15	24/23	17/13	10-15
Ankara	24/23	17/13	10-15	24/23	17/13	10-15
Athens	24/23	17/13	10-15	24/23	17/13	10-15
Bangkok	24/23	17/13	10-15	24/23	17/13	10-15
Bombay	24/23	17/13	10-15	24/23	17/13	10-15
Buenos Aires	24/23	17/13	10-15	24/23	17/13	10-15
Calcutta	24/23	17/13	10-15	24/23	17/13	10-15
Cairo	24/23	17/13	10-15	24/23	17/13	10-15
Colon	24/23	17/13	10-15	24/23	17/13	10-15
Hankow	24/23	17/13	10-15	24/23	17/13	10-15
Harbin	24/23	17/13	10-15	24/23	17/13	10-15
Hong Kong	24/23	17/13	10-15	24/23	17/13	10-15
London	24/23	17/13	10-15	24/23	17/13	10-15
Lyons	24/23	17/13	10-15	24/23	17/13	10-15
Manila	24/23	17/13	10-15	24/23	17/13	10-15
Medan	24/23	17/13	10-15	24/23	17/13	10-15
Moscow	24/23	17/13	10-15	24/23	17/13	10-15
Nairobi	24/23	17/13	10-15	24/23	17/13	10-15
San Francisco	24/23	17/13	10-15	24/23	17/13	10-15
Shanghai	24/23	17/13	10-15	24/23	17/13	10-15
Singapore	24/23	17/13	10-15	24/23	17/13	10-15
Sourabaya	24/23	17/13	10-15	24/23	17/13	10-15
Taipei	24/23	17/13	10-15	24/23	17/13	10-15
Tokyo	24/23	17/13	10-15	24/23	17/13	10-15
Yokohama	24/23	17/13	10-15	24/23	17/13	10-15

Africa		
	Today	Tomorrow
Algiers	19/14	19/15
Cape Town	21/10	21/12
Harare	21/10	21/12
Kuwait	21/10	21/12
London	21/10	21/12
Lyons	21/10	21/12
Nairobi	21/10	21/12
Paris	21/10	21/12
Rabat	21/10	21/12
Tripoli	21/10	21/12

THE AMERICAS

China's Thefts of Nuclear Secrets From U.S. Now Dated to '95

POLITICAL NOTES

By Jeff Gerth and James Risen
New York Times Service

WASHINGTON—In early 1996, the United States received a startling report from one of its Chinese spies. Officials inside China's intelligence service, the spy said, were boasting that they had just stolen secrets from the United States and had used them to improve Beijing's neutron bomb, according to U.S. officials.

Since the spy had provided reliable information in the past, officials said that investigators took the report seriously.

China first built and tested a neutron warhead in the 1980s, using what U.S. officials have said publicly were secret data stolen from Lawrence Livermore National Laboratory in California, a key nuclear weapons facility.

But the design did not work properly, U.S. officials say that China's 1988 test of the neutron bomb, which kills people with enhanced radiation while causing relatively less material damage, was not

successful. Now, the spy was suggesting, Chinese agents had solved the problem by coming back to the United States in 1995 to steal more secrets. The spy even provided details of how the information was transferred from the United States to China, officials said.

The report prompted a federal criminal investigation, but U.S. officials say they have found no evidence that China has produced an improved neutron bomb.

Sammel (Sandy) Berger, President Bill Clinton's national security adviser, was first told of a possible new theft of neutron bomb data in 1996, according to officials who took part in the meeting or read the classified materials used to prepare it.

The briefing, these officials said, came weeks after the FBI gave the Energy Department a report about the spy's information.

David Leavy, a spokesman for the National Security Council, said that Mr. Berger and another National Security

Council official who attended the 1996 briefing did not believe the neutron bomb issue was mentioned. Mr. Leavy said that Mr. Berger did not learn of the suspicions until a more detailed briefing in July 1997.

The spy's report arrived as U.S. intelligence agencies were examining a separate suspected Chinese espionage coup: the theft of designs of America's most modern nuclear warhead, the W-88.

The disclosure of this previously unknown 1996 intelligence report about the neutron bomb is significant for several reasons.

Until now, Clinton administration officials have portrayed reports of China's nuclear spying as an old story.

In a series of public statements, administration officials have emphasized that the loss of the W-88 design occurred in the 1980s, which was while Republicans held the White House. The officials have suggested that there is no evidence that Chinese nuclear spying continued

into the Clinton administration. They have also said that President Clinton acted quickly in response to concerns about security breaches at the nuclear weapons laboratories by issuing a presidential order in February 1998.

Accounts by government officials about the neutron bomb case call both assertions into question.

According to the officials, the briefing of Mr. Berger in April 1996 included evidence of the theft of the W-88 design, the need to increase security at the weapons laboratories and the report about the loss of neutron bomb data.

The White House said Mr. Berger did not tell the president or take any further action until more than a year later, in July 1997, when he received a more detailed briefing about the W-88 theft, the neutron bomb and the ongoing Chinese espionage.

Soon after, Mr. Leavy said, Mr. Berger told the president about the security weaknesses at the laboratories and

China's spying. Asked whether he mentioned the neutron bomb case, Mr. Leavy would reply only that he did not detail "each and every allegation."

A bipartisan congressional report on China's acquisition of U.S. technology includes a detailed, but still secret, account of Beijing's efforts to obtain neutron bomb secrets, including reports of efforts during the Clinton presidency. But government officials say that the Clinton administration is resisting requests from Congress to make the more recent material public.

Mr. Leavy said the administration was cooperating with Congress to declassify as much material as possible consistent with law enforcement and intelligence requirements.

Several agencies, including the FBI, the Central Intelligence Agency and the Energy Department are continuing to examine the case.

The FBI has not identified a suspect in the case.

Christie Whitman Begins Senate Bid

TRENTON, New Jersey — Governor Christie Whitman set in motion Thursday her bid for the Senate seat being vacated by the Democrat Frank Lautenberg with the formation of a fund-raising committee.

The second-term governor, long seen as a Republican Party star, ended speculation about her political future by kicking off an effort to become the first elected Republican senator from New Jersey since the 1970s.

The prominent Republican fund-raiser Lewis Eisenberg and Candace Straight, longtime supporters of the governor and other party moderates, announced Thursday that they would head the fund-raising effort for the 2000 campaign.

Mrs. Whitman, 52, is the first female governor of New Jersey. She would be the state's first female senator if she won. Her second term as governor is scheduled to end January 2002. (AP)

Quayle to Declare At His High School

HUNTINGTON, Indiana — Dan Quayle, a former vice president, will formally announce his candidacy for the Republican presidential nomination at a political rally next week at his hometown high school in Indiana.

Mr. Quayle, 52, will be joined on stage at Huntington North High School, where he graduated in 1965, by his wife, Marilyn, and numerous state and national elected officials, his campaign said. (AP)

More Bush Support In New Hampshire

WASHINGTON — The endorsement-heavy presidential campaign of Governor George Bush of Texas will get another lift, this time in the key early state of New Hampshire. Senator Judd Gregg, the state's senior Republican elected official, is expected to announce his support for Mr. Bush shortly.

Bush advisers say that Mr. Gregg's support will help overcome the fact that the governor has fallen behind other candidates in organizing in the state with the first primary election in the nation.

Mr. Gregg and his father, Hugh Gregg, a former governor, supported Mr. Bush's father during his three presidential campaigns. The younger Gregg is reputed to have the best political Republican network in the state. (AP)

Panel to Query Starr About Counsel Law

By Edward Walsh
Washington Post Service

WASHINGTON — The independent counsel Kenneth Starr and members of the three-judge panel that oversees him will testify before a Senate committee considering whether to renew the independent counsel law.

Mr. Starr's appearance before the Senate Governmental Affairs Committee on Wednesday will bring him face to face with some Senate Democratic critics of his four-and-a-half-year investigation, which led to President Bill Clinton's impeachment. Mr. Clinton was later acquitted by the Senate on charges of perjury and obstruction of justice stemming from his relationship with Monica Lewinsky, the former White House intern.

The committee will also hear testimony from Judges Richard Cudahy, Peter Fay and David Sentelle. They make up the three-judge Special Division of the U.S. Court of Appeals in the capital, which appoints independent counsels, although Judge Cudahy was not a member of the panel when Mr. Starr was appointed in 1994.

Sharp criticism of Mr. Starr's investigation has bolstered congressional sentiment to do away with the 1978 independent counsel law, which is to expire June 30 unless reauthorized by Congress. Even many supporters of the concept of the law say it should undergo a major overhaul to limit the scope of independent counsel investigations and make them more accountable.



ARGUMENTS OVER — Susan McDougal getting a kiss from her lawyer, Mark Geragos, after closing statements were made in her trial for criminal contempt and obstruction of justice in Kenneth Starr's Whitewater investigation. The case was expected to go to the jury in Little Rock, Arkansas, on Thursday.

However, if the law is not renewed, Mr. Starr and the five other independent counsels in operation will continue to do business after June 30 under a provision in the statute that permits existing investigations to continue.

Fred Thompson, Republican of Tennessee and the committee chairman, has said he wants the hearings to focus on the law, not Mr. Starr's investigation. But the hearing next week will give Senate Democrats their first opportunity to ques-

tion and criticize Mr. Starr in person. "It's fair to say, given some of the strong reactions that Mr. Starr's investigation provoked, that there will be some tough criticisms," said Dan Gerstein, spokesman for Senator Joseph Lieberman of Connecticut, the committee's ranking Democrat.

Mr. Gerstein said Mr. Lieberman did not want to turn the hearing into "a referendum on Ken Starr" but to use the Starr investigation to "illuminate the

flaws in the statute." "He will be focusing on where the investigation of the president crossed some lines, went a little farther than it probably should have, and see what that tells us about the flaws in the statute."

A spokeswoman for Mr. Starr said he looked forward to testifying. Mr. Starr has not commented publicly on the law, which was enacted after the Watergate scandal to shield from political influence investigations of high-ranking officials.

Pilot Testifies On Crash Probe

The Associated Press

UNIONDALE, New York — A former TWA pilot who helped investigate the crash of Flight 800 admitted in court Thursday that he had told a writer he would give "priority" to finding a piece of evidence that might prove the plane was shot down by a missile.

But Captain Terrell Stacey testified that even before meeting James Sanders, who was writing a book on the 1996 crash, he had become frustrated and concerned over the way the FBI and National Transportation Safety Board had been conducting the investigation.

In reply to questions, he said the agencies seemed to be ignoring or pushing aside certain aspects that he considered worth closer scrutiny.

The jet exploded off the Long Island coast on July 17, 1996, just minutes after leaving John F. Kennedy Airport for Paris. All 230 people aboard were killed, including 53 TWA employees.

The government says the Boeing 747 jumbo jet was destroyed by a fuel tank fire of unknown origin.

Captain Stacey is the government's star witness against Mr. Sanders, 53, and his wife, Elizabeth, 52, a former TWA flight training supervisor.

They are accused of stealing documents and a swatch of seat fabric allegedly stained with missile fuel residue. The FBI says the stains actually were from glue.

Captain Stacey — a 33-year TWA veteran who had flown the doomed plane from Paris to New York the day before the crash — was originally charged along with the couple. He agreed to testify against them and pleaded guilty to a misdemeanor. He faces up to a year in prison.

SUMMIT: Zhu Sees Clinton, but They Fail to Reach WTO Accord

Continued from Page 1

and arms proliferation have simmered for years. Others, such as the charges of Chinese spying at a U.S. nuclear weapons laboratory and of attempts by China to influence the U.S. presidential election, have flared more recently, feeding a persistent well of anti-China sentiment in Congress.

In a remarkable measure of the degree to which relations have improved since the massacre in 1989 of student protesters in Beijing, Mr. Zhu said that U.S.-Chinese friendship "cannot be undermined by anybody."

"I don't think there is any problem or question between our two countries that cannot be resolved through friendly consultations," he said.

The remarks of both men, who held an unscheduled meeting of nearly three hours Wednesday before the formal arrival, appeared aimed at steadying and consolidating the sometimes jagged progress toward normalization of relations. "Our interests coincide on many issues and diverge on some others," Mr. Clinton said, adding that it was of vital importance for both sides to "continue to build a constructive strategic partnership."

Mr. Zhu, who came to Washington from Los Angeles, the first stop on his nine-day visit to six U.S. cities, said China was seeking a close relationship that would endure "for generations to come."

After delivering his remarks in Chinese, Mr. Zhu switched to English to proclaim: "I love Chinese people. I love American people. Thank you!"

He is the first Chinese prime minister to visit the United States in 15 years. His trip followed an exchange of visits last year by President Jiang Zemin and Mr. Clinton.

On Wednesday, administration officials announced progress in their trade negotiations after China disclosed concessions on aviation, insurance and software piracy.

Beijing said it would allow a doubling of the frequency of flights between the countries and a sharp increase in the number of cities allowed to offer connections; a new aviation pact will allow another Chinese airline and another American one to fly between the countries, joining the three from each nation now in service.

In addition, 24 Chinese cities will be opened up to foreign insurance companies; previously only Guangzhou and

Shanghai were open.

Beijing also promised to break up its big state-run telecommunications company, China Telecom, and said it would instruct all government agencies to observe a ban on using pirated computer software.

An administration endorsement of world trade membership for China still would require Congress to grant permanent most-favored-nation status (normal trade relations) to China. It would receive none of Beijing's concessions before doing so.

China has had strong critics in Congress for years, ranging from conservative Republicans to some liberal Democrats. Some of them stepped up their criticism this week.

Trent Lott of Mississippi, Senate majority leader, expressed strong opposition to Chinese entry into the WTO, saying that it would not end what he called the country's "predatory trade practices."

Representative Nancy Pelosi, Democrat of California, urged Mr. Clinton to use Mr. Zhu's visit to increase pressure on China to respect human rights.

Mr. Zhu is expected to meet with several members of Congress during his visit.

AMERICAN TOPICS

A Hard Rain Gonna Keep Falling

The early horror stories about acid rain brought a cloud of concern to areas like the Adirondack mountains in New York, where hundreds of lakes and streams can no longer sustain life. But the federal and state governments passed a variety of clean-air measures, and many people assumed that enough had been done.

Not so, according to a new federal report, which finds that despite major strides in reducing air pollution, acid precipitation remains a serious problem in the Adirondacks and is a growing threat in the southern Appalachians, Colorado's Front Range and parts of the Sierra Nevada, the Great Smokies, the Rocky Mountains and the Chesapeake Bay.

The report does offer some good news. It says that 1990 amendments to the Clean Air Act, which aim to require coal-fired power plants and other heavy industries to cut sulfur dioxide and nitrogen oxide emissions by half over the decade, have been fairly effective. The New York Times reports.

But the report also showed the problem to be more complex and intractable than had been thought. It projects that by 2040, half the 2,800 lakes and ponds in the Adirondacks will be too acidic to sustain much life, and it suggests further restrictions on industrial emissions.

Industrialists say the 1990 measures simply need more time to work, but environmental groups welcome the report. "It bears out the warning that we issued more than 10 years

ago that the Adirondacks are the canary in the coal mines," said John Sheehan of the Adirondack Council. "We're dying first, but that doesn't mean everybody else is immune."

Short Takes

The fast-growing popularity of on-line university courses has produced conflict between administrators and faculty at some schools. At Drexel University, in Philadelphia, an administrator has asserted that the school should own all rights to on-line course materials, much as academic institutions own patent rights to their faculty's inventions (but share revenues).

Many professors, reports The Chronicle of Higher Education, say, however, that the materials they develop for Internet courses are like textbooks, and that universities rarely claim the rights to textbooks.

The beloved cherry trees around Washington's Tidal Basin — now, incidentally, at peak blossom — have an insidious enemy. Since late last week, a beaver has gnawed down two of the trees, as well as three white cedars.

Biologists of the National Park Service want to catch the culprit, using humane traps, before it feels more. They have placed protective covers around some trees.

Gregg Regan, the Connecticut commissioner of information technology, was asked if the state had a contingency plan in case its elevators suffer a computer failure on Jan. 1, 2000, Governing magazine reports.

"We have contingency plans," Mr. Regan said. "The contingency is the stairs."

Brian Knowlton

CROSSWORD

ACROSS

- 1 It challenges the imagination
- 12 Places to find tracks: Abbr.
- 13 "Moll Flanders" author
- 14 Pique
- 15 Sublim development
- 16 Verily
- 19 Garden
- 20 Incapacitated
- 22 Alexander Calder form
- 26 Safe, on board
- 27 Kazakhstan, once Abkhaz
- 30 Made go, in a way

DOWN

- 31 "Natural History" author
- 32 Shoshonean language
- 33 They were once burned
- 34 "Reader, I married him" writer
- 35 Stamp on a package
- 36 Suffix with ball or base
- 37 "O Sole" —
- 38 People people, for short
- 39 Man of choice
- 41 Man around the house, maybe
- 42 — Tome
- 43 Book category

LIGHTS

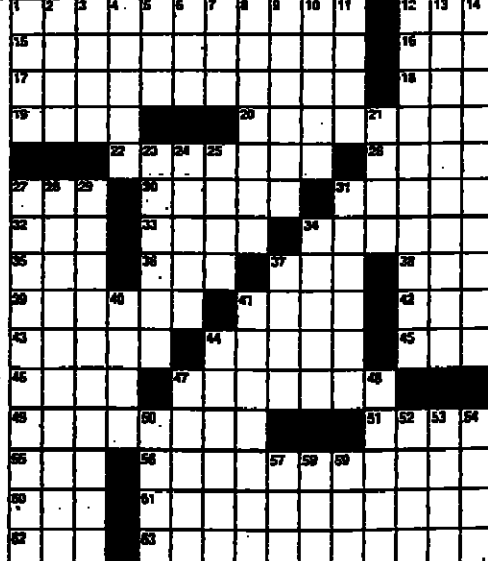
- 44 Lighter
- 45 Thesis intro?
- 46 — make a long story short
- 47 People with licenses
- 48 Cabinet department
- 49 One for the road
- 50 Auto racer
- 51 Fable
- 52 Trustee
- 53 Halfway house?
- 54 Bring home the bacon
- 55 80's gm.
- 56 Good amount of money

CONTEMPORARY

- 57 Contemporary
- 58 Sees
- 59 "Le roi d'Ys" composer
- 60 Additionally
- 61 Early priest
- 62 Product of sitting
- 63 For better or worse
- 64 Turned up?
- 65 Joe Kelly player in "Soyuzdetfilm"
- 66 Flight
- 67 Part of a hull
- 68 First name in old TV talk
- 69 Spiny shrub
- 70 Beehive protector

FOREIGN

- 71 Foreign field that is forever England? pennine
- 72 Iranian bread
- 73 Treat rudely, in a way
- 74 Runway
- 75 Getting — years
- 76 City near the Westway
- 77 Unbridled indulgence
- 78 Fill the bill?
- 79 Like some dogs
- 80 Swivel



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FOR INVESTMENT INFORMATION
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every Saturday in the IHT.

Tomorrow

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Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST
THE WORLD'S DAILY NEWSPAPER

The Refugee Drama / Concern for the People Still in Kosovo

Serbs Halt Expulsions, But Kosovars Still Face Chaos and Uncertainty

By R. Jeffrey Smith
and Daniel Williams
Washington Post Service

BLACE, Macedonia — The government of Yugoslavia has moved abruptly to halt the expulsion of hundreds of thousands of ethnic Albanians from Kosovo Province into neighboring nations, reversing a policy that had helped solidify Western support for continued NATO air strikes against Yugoslav military targets.

Government security forces began late Tuesday to seal the country's borders with Albania and Macedonia, and instructed thousands of ethnic Albanians who had been waiting to depart to return home.

Over the previous 11 days, Yugoslav troops and paramilitary groups had been ordering ethnic Albanians to flee and never return.

Separately, the Macedonian government overnight evacuated a huge, squalid encampment of refugees at Blace, on its border with Yugoslavia. In darkness, it placed tens of thousands of ethnic Albanians aboard buses that immediately departed for Albania, Greece and Turkey.

The move followed worldwide criticism that Macedonia had confined the refugees in inhumane conditions.

The effect of the Yugoslav and Macedonian actions was to begin to alleviate a political and economic crisis that Western officials had forecast would soon involve more than 500,000 refugees — or more than a quarter of the province's population of 1.8 million before the conflict began last year.

But many questions remain about the fate of displaced civilians from Kosovo, including why the Yugoslav government took the action: where tens of thousands of ethnic Albanians who had been clustered on both sides of Yugoslavia's borders have gone, and how safe those still inside Kosovo were.

On Thursday, the United Nations refugee agency said that it was able to account for as many as 55,000 refugees

evacuated from the Kosovo-Macedonia border late Wednesday but that the fate of several thousand more was unclear. Reuters reported from Tirana, Albania.

[Nicholas Morris, the envoy of the UN High Commissioner for Refugees to the former Yugoslavia, said the group believed that at Blace, "taking the field, the people at the border, the people backed up, there were perhaps between 60,000 and 70,000 people there three days ago. We can account for between 50,000 and 55,000."

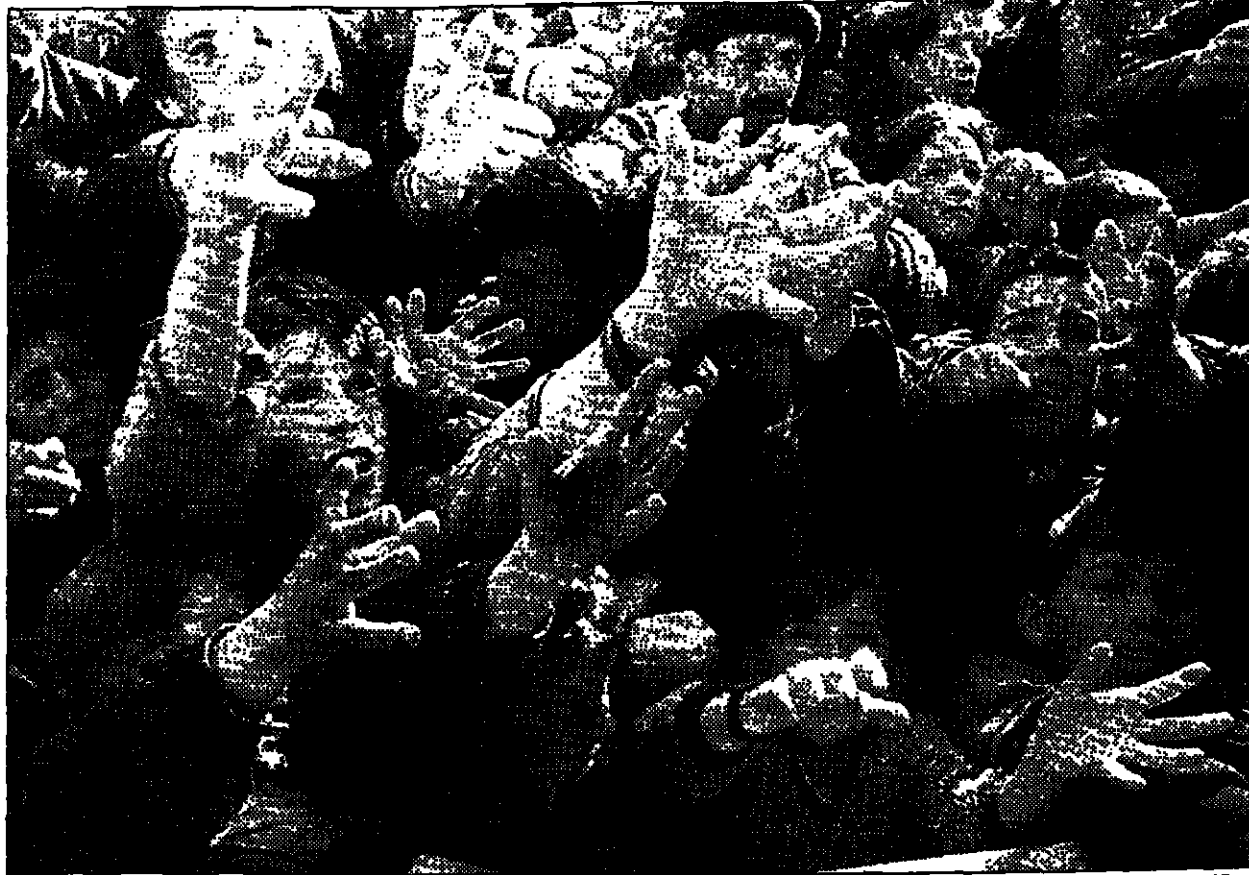
[He said the agency was "trying to find out what happened to the others and will follow up on any reports as to whether indeed people are missing and of course with the greatest concern for anybody who was actually expelled back into Kosovo."

[The UN High Commissioner for Refugees, Sadako Ogata, in Tirana for talks with the Albanian government, said more than 33,000 of the Kosovars had been taken to a NATO-run center in Macedonia. Others were evacuated to Albania, Turkey, Norway and Germany.

[Later Thursday, during a visit to a refugee camp in Kukes, Albania, Mrs. Ogata said that she was "very, very worried" about thousands of Kosovo refugees apparently prevented by force from fleeing their homeland into Albania. She said she could not rule out that they could be used as human shields by the Serbs against NATO strikes.

[It started with expulsions or deportations. I hope it was not stopped by force," she told reporters in Kukes, where up to 100,000 refugees are being cared for by international aid agencies. "We are against forceful deportation of people, we are against forceful stopping of people, and I would like to find out more."

At the border crossing near the Albanian town of Morina, relief officials and ethnic Albanian stragglers said that tens of thousands of refugees heading toward the frontier had been turned around and marched at gunpoint toward Prizren, the third-largest city in Kosovo. Their cars and tractors were smashed,



Refugees reaching for bread from a truck at a camp outside Kukes, Albania, on Thursday.

the refugees said, and some vehicles were burned.

A second crossing leading to the Albanian town of Qafa e Prushit also was reported closed.

The Yugoslav government has depicted its decision to encourage ethnic Albanians to return home as part of a cease-fire related to the celebration of Easter this Sunday by the Serbian Orthodox Church and other Orthodox Christian sects. Western officials said it could be a prelude to a more general capitulation by Belgrade or a tactic meant only to chip away at NATO's resolve to continue its air campaign.

News of what is transpiring inside Kosovo, particularly outside major cities, remains sparse. Three West European journalists who left Wednesday from Pristina, the provincial capital, where they said they had been confined by police for several days, told colleagues in Blace that the road north of the border crossing was depopulated.

Until Tuesday, as many as 5,000 refugees were moving south along that road, but now, the journalists said, it was lined only with smashed and abandoned

cars. At a crossing west of Blace, at Jazinc, witnesses reported that Yugoslav police were driving away people in a 25-kilometer (15-mile) line — people who had been waiting for a week to be admitted to Macedonia.

Buses were lined up on the Kosovo side of the border, possibly to assist their return home. But the accounts of those who have fled Kosovo suggest that many will go back to find their homes looted or burned.

In Brussels, a NATO spokesman, Jamie Shea, expressed the alarm of alliance officials, saying it was "one thing to push refugees over the borders, where the international community is now increasingly ready to deal with them in a humane way, but it's quite another thing to push them back into a wasteland where there is no food, very little water or medical supplies, where everything has been looted."

At the Blace refugee encampment, aid workers said they were mystified that some of the refugees evacuated during the night had left behind prized possessions on the muddy ground, including passports, identification papers and

food. "You don't leave baby food, and you don't leave your documents behind," unless your exodus is orchestrated on short notice and without any choice, said Paula Ghedini, a representative of the UN refugee agency.

A colleague, Paul Stromberg, also complained that the speed and chaos of the evacuation had divided scores of families.

"We talked to a girl this morning who found her father was in Turkey, her mother was in another transit center, her brother at another crossing point," Mr. Stromberg said.

But the process of reuniting families will be complicated by the fact that Macedonia has yet to supply the UN agency with registration lists of the estimated 70,000 refugees who had been moved from Blace.

"It certainly was not done according to the principles of refugee law," said an official of the International Committee of the Red Cross. "They were supposed to give the United Nations access to the site, to register the refugees, to ensure they were leaving of their own free will and to unite families first."



Serbians taking Communion in a Belgrade church on Thursday at the start of the Orthodox Easter observance.

BRIDGES: NATO Bombings of Danube Crossings Halt Trade

Continued from Page 1

manager at Danube Shipping Co. in Passau, Germany. "Now that has all stopped."

Despite the Balkan wars, Danube freight shipping has been climbing steadily. Romania ships a variety of commodities, particularly oil and iron ore. Bulgaria has built up a regular business in "roll-on, roll-off" traffic, in which loaded trucks are put onto ferries, carried to Austria or Germany and then driven to their destinations.

The river has also been important for shipments of oil to the West.

European companies are scrambling for alternative routes.

"This is an added burden that will weigh down the whole region," said Gustav Poschaltke, chairman of Express Internationale Spedition AG, a shipping company in Vienna that normally sends more than 2,000 ships a year down the

river. "It is not only trade with Western Europe; these countries also carry out a lot of trading with each other."

Shipping executives said that detours exist, but that they are more expensive and slower. Many products can be transferred from ships to trains, though no one is quite sure about train capacity in Romania, and railroads are more expensive than barges. Some could be shipped from the Black Sea through the Mediterranean and Adriatic, but that route would be several times longer than the Danube link.

The disruptions have already had an impact on many companies in Austria, long a center for business with Central European countries.

Lasselsberger Holdings International GmbH, a construction-materials company based in Würzburg, has been importing cement from Romania for five years. Now it has several shipments stranded in Izmail, Ukraine, near the Black Sea.

"We've had delays time and again, but we have never come to a complete interruption in the traffic," said Anton Lasselsberger, the general manager. "We're studying the alternatives, but we can't say yet how much damage there might be."

The big question is how long this will last, he added. Voest-Alpine Stahl AG, a major Austrian steel manufacturer on the river at Linz, gets much of its coal and iron ore from Central Europe over the Danube. If deliveries become unreliable, the company may have to depend more heavily on suppliers in other countries.

The biggest disruption has been in Hungary, which has an extensive trade with the rest of Central Europe.

At Ferropolis, one of the biggest freight-forwarding companies in Budapest, executives predict that the city's shipping volumes will decline by half as a result of the blockage.



Valden Kmonce, 7, an ethnic Albanian, waving Thursday as he prepared to fly to Germany.

Tribunal Aims Doubts After U.S. Warns 9 On War Crimes

By Raymond Bonner
New York Times Service

WASHINGTON — While the U.S. State Department has warned nine Yugoslav commanders that they face possible prosecution for war crimes, officials of the international war crimes tribunal have raised questions about whether NATO actions match the rhetoric.

"Commanders can be indicted, prosecuted and, if found guilty, imprisoned not only for crimes they themselves commit, but also for failing to prevent crimes occurring or for failure to prosecute those who commit crimes," the State Department spokesman, James Rubin, said at the opening of his press briefing Wednesday.

Mr. Rubin reiterated that the United States would provide evidence to the war crimes tribunal. The NATO spokesman in Brussels, Jamie Shea, has said repeatedly that NATO governments would do just that.

But tribunal officials seemed skeptical about NATO's commitment, and there were also questions as to what the tribunal was doing to gather evidence. Mr. Rubin said that much of the evidence that the United States had against the nine commanders came from interviews with refugees. Villagers have often been able to identify military units operating in an area, and it would not be difficult for NATO to know the commanders of various units.

Notably missing from the State Department's list of commanders was the Yugoslav commander in chief and president, Slobodan Milosevic.

But two senior U.S. officials, speaking on the condition of anonymity, said Wednesday that they had no doubt that Mr. Milosevic bore responsibility for the atrocities and should be indicted.

One said he would personally like to deliver the indictment to Mr. Milosevic. He added: "I think there are a lot of candidates that want that delivery job."

The secretary-general of NATO, Javier Solana Madariaga, told the BBC that he would like to see Mr. Milosevic indicted. That is also the view of the supreme military commander of NATO, General Wesley Clark.

One problem the allies face in considering whether to push for the indictment of Mr. Milosevic is political: It would be hard for the allies to negotiate with someone indicted for war crimes.

There is also the question of evidence. The United States has evidence that Mr. Milosevic has sought to build a firewall around himself, to distance himself from indictable criminal acts carried out against Muslims during the war in Bosnia, a senior U.S. official said last week.

Mr. Milosevic has been in meetings where brutal operations against civilians were discussed, but he has allowed his underlings to do the talking, apparently fearing that the conversations might be monitored by listening devices, according to U.S. intelligence. And the United States would be reluctant to turn over information for fear of exposing sources and methods, officials say.

Mr. Rubin said that the State Department would make some information "of an intelligence nature" available to the tribunal, but he did not elaborate.

At the tribunal Wednesday, the deputy prosecutor, Graham Blewitt, expressed irritation with NATO allies' promises to help develop evidence of war crimes. Referring to the statements out of Washington and Brussels that war crimes were being committed and those responsible would be punished, he said, "that causes us some frustration."

Mr. Rubin named the commanders who have been named as follows:

- Colonel Milos Mandic, 252d Armored Brigade in central Kosovo.
- Major General Vladimir Lazarevic, Pristina Corps.
- Colonel Miladin Cirkovic, 15th Armored Brigade, headquartered in Pristina.
- Colonel Dragan Zivanovic, 125th Motorized Brigade, headquartered in Kosovska Mitrovica and Pec.
- Colonel Krsman Jelic, 243d Mechanized Brigade, headquartered in Urosevac.
- Colonel Bozidar Delic, 549th Motorized Brigade, headquartered in Prizren and Djakovica.
- Colonel Radjok Stefanovic, 52d Mixed Artillery Brigade, headquartered in Gnjilane.
- Colonel Milos Djosaj, 52d Light Air Defense Artillery-Rocket Regiment, headquartered in Djakovica.
- Major Zeljko Pekovic, 52d Military Police Battalion, headquartered in Pristina.

BELGRADE: Milosevic Calls a New Tune, a Soft One

Continued from Page 1

var refugees were returning home from the border regions. In Belgrade's official version of events, the ethnic Albanians left their homes either out of fear of NATO bombing or under pressure from Kosovo Liberation Army "terrorists" in order "to stage a humanitarian disaster according to instructions obtained from the NATO criminals."

The reversal of the refugee exodus has coincided with moves by Mr. Milosevic to work out some kind of deal with a moderate Kosovo Albanian leader, Ibrahim Rugova, whose authority was severely undercut by the confrontational tactics pursued by the Kosovo Liberation Army. Mr. Rugova, who has been under government "protection" and is therefore hardly a free agent, has issued several ambiguous statements calling for a negotiated end to the crisis.

Other elements in the Milosevic charm offensive include suggestions from the acting president of Cyprus, Spyros Kyprianou, that the Serbs may be willing to release the three U.S. servicemen captured at the Yugoslav-Macedonian border March 31. While such a step is hardly likely to win over Western public opinion, it would at least partly

counteract the negative images of terrorized refugees streaming across the Kosovo border and demonstrate that Yugoslavia respects international norms of behavior.

The Yugoslav Army press center, meanwhile, took Western television crews down to Pristina on short notice Wednesday to see the destruction caused by NATO bombing. The journalists were taken to bombed-out apartment buildings where there had been civilian casualties.

A journalist on the tour, Brent Sadler of CNN, reported that Pristina seemed like "a ghost town" with few signs of civilian activity among either Serbs or ethnic Albanians. Much of the city center was in ruins, he reported, and a huge column of smoke spiraled up from a fuel reserve attacked by NATO planes.

The announcement by Belgrade of a unilateral cease-fire in Kosovo also seemed designed to win over world public opinion. By tying the cease-fire to the Orthodox Christian Easter this Sunday, Belgrade authorities demonstrated their concern for opinion in Orthodox countries, such as Greece and Russia, which have been most critical of the NATO bombing.

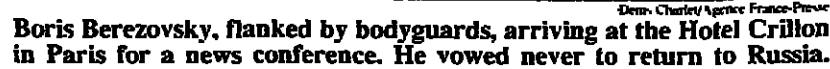
By David Hoffman
Washington Post Service

So when Mr. Berezovsky was named this week in an arrest warrant by Russia's chief prosecutor on fraud charges, the significance was not lost on the country's political elite.

On the contrary, according to many analysts here, Russia remains trapped in system of competing financial clans

Mr. Berzovsky, bitterly critical of the present-day Communists and their forebears, was known for a freewheeling political style, and he had lately taken

Vladimir Potanin, a one-time Soviet trade official who quickly became one of the country's biggest commercial bankers, invented a scheme, which the



The auctions were rigged in their favor, participants have since said then. The oligarchs repaid the favor by un-

OPINION/LETTERS

Now Is Hardly the Time to Play the Russian Card

By Michael McFaul

WASHINGTON — The Clinton administration was right to reject Slobodan Milosevic's cease-fire proposal. Entering into negotiations now with Serbia, which has largely achieved its military goals in Kosovo before NATO has achieved much of anything, would be an admission of defeat.

So why, then, has Vice President Al Gore called on Prime Minister Yevgeni Primakov of Russia at this moment to work on an agreement with the Serbian dictator? Playing the Russian card now legitimates Mr. Milosevic's horrendous actions in Kosovo and exposes the weakness of the NATO alliance.

The North Atlantic Treaty Organization and Russia should eventually co-

operate in the Balkans, as they did in Bosnia, but only when it serves the interests of both. Today, such cooperation would serve only the Russians.

Let's not forget Mr. Primakov's similarly inopportune actions during the Gulf War. With Iraqi troops occupying Kuwait, he traveled to Baghdad to urge Saddam Hussein to negotiate a settlement. At the time, Mr. Hussein was all too eager to talk peace since he had already achieved his military goals. We rightly rejected such a proposal.

If Mr. Primakov begins a shuttle diplomacy operation between Belgrade

and the capitals of Europe today, he could create momentum for a negotiated settlement at precisely the moment when it is most convenient for Mr. Milosevic.

In raising a peace initiative now, Mr. Primakov also would strengthen Russia's hand in Eastern Europe. NATO needs time — and probably ground troops — to achieve success against Serbia. Beginning peace negotiations now would doom the Kosovars, make future NATO operations more difficult to muster, and impede future NATO expansion eastward.

It could even help to unravel the alliance altogether. Such an outcome would be ideal for Mr. Primakov and his allies within Russia, who can gain votes

by appearing to resuscitate their country's influence abroad and to diminish that of the United States.

Beyond this, Mr. Primakov will not offer his good offices without a price. At a minimum, he will probably expect more loans from the International Monetary Fund and forgiveness of Soviet and Russian debts. Linking U.S. security interests in Serbia with IMF loans would be disastrous for American foreign policy — and for Russian reform.

First, IMF money cannot guarantee Mr. Primakov's lasting cooperation. As a potential presidential candidate he must be responsive to growing anti-Western sentiment among Russian voters first and Western concerns second.

More important, paying Mr. Primakov to mediate would undermine the IMF as an effective agent of economic reform in Russia. If the Fund cannot credibly commit to the conditions it has already laid down for loaning money, its leverage over the Russian government would be next to nil. This is precisely what occurred in 1996 and 1997, when the Clinton administration made an exception for

Linking U.S. security interests in Serbia with IMF loans would be disastrous for American foreign policy — and for Russian reform.

Russia that it would not have made for any other country, because Russia was deemed too big to fail.

It was a mistake then, and it would be a mistake now.

The United States has a strategic interest in encouraging market reforms in Russia that should be pursued independently from its strategic interests in Serbia. Right now, NATO would bring a weak hand to the negotiating table.

Only when the "facts on the ground" have changed in favor of the alliance should the Clinton administration entertain cease-fire proposals, or think of letting Mr. Primakov act as intermediary.

The writer, a senior associate at the Carnegie Endowment for International Peace, teaches political science at Stanford University. He contributed this comment to *The New York Times*.

Paris Would Still Be Lovely Without the Curls of Smoke

By Geneva Overholser

PARIS — They say you can't go home again, but to an inhabitant of two decades ago, Paris in 1999 looks as lovely as ever and remarkably the same — except for the cell phones.

Sure, things that make France feel more like America are everywhere. Not just McDonald's, but all the common experiences of similar Western democracies. French newspapers, like American ones, dwell on a sex-in-public-life scandal on the one hand and worry over

headlines such as, "When Parents Smoke, Children Cough."

French efforts exceeded American efforts in some ways. Tobacco ads have been off billboards in France since 1993. They are only leaving the American landscape this month, as part of the tobacco industry's settlement with state attorneys general.

It was France that gave us Joe Camel. He was first drawn for a French advertising campaign in the '70s after Mrs. Veil banned the use of live models — a move of uncertain success. Young smokers at the time said that sensual photographs of curls of blue smoke were more appealing than any pair of smoking lovers. "Gitanes have never been so enticing," a young smoker told me then.

In terms of the amount of tobacco consumed per person, America still outranks France considerably. But in the percentage of people who smoke, France ranks higher, though well down from when Mrs. Veil began her campaign. Twenty years ago, more than 44 percent of French adults 18 and over smoked. The rate was down to 33 percent by 1993. In the United States at the beginning of Mr. Clinton's effort, the rate was about 35 percent. By 1993, it was down to 25 percent.

No doubt some of the perceived difference reflects varying patterns about where smoking is allowed. Moreover, the rate in Washington, where less than 19 percent of adults smoke, is significantly below the U.S. national average of 23.2 percent. And a World Health Organization official told me that French rates are dropping steadily, thanks to a still-tougher law in 1992. The real story with cigarettes, of course, is decline in the West and rapid gains in developing countries, to whom both French and American tobacco companies export in great numbers.

Meanwhile, Paris dailies were focusing on a new attitude toward a different and traditionally French health problem, alcoholism. In publishing statistics showing France first in Europe in alcohol consumption, *Le Monde* noted that when such news broke in the past, Frenchmen shrugged, as if overconsumption were in their genes. Now, said the paper, there is greater concern. Who knows? Over the next two decades, Gitanes and Marlboros may disappear, and alcoholism decline. Something else will replace the cell phones. But Paris will always be Paris.

The Washington Post

Work With Moscow on a Kosovo Settlement

By Celeste A. Wallander

CAMBRIDGE, Massachusetts — Increasingly, discussion of options to salvage the disastrous policy on Kosovo has turned to a ground-force intervention. Should the United States decide it must stop the humanitarian crisis it has helped to create, it will face a major obstacle to such a mission. Intervention without Russian participation will lack legitimacy and is likely to be the final blow against meaningful Russian security cooperation with the West for a long time.

Circumvention of the UN Security Council in order to launch air strikes against Yugoslavia unilaterally and solely on NATO's terms was a mistake. By excluding Russia from the single most important decision about European security that has been made since the end of the Cold War, NATO and the West have severely undermined support in Russia for security cooperation.

So far, Moscow has said that it will continue to cooperate on important security issues, especially nuclear nonproliferation and arms control. But the West should not believe that Russia has an unconditional interest in cooperation.

A unilateral NATO occupation of Kosovo would substantiate the Russian security elite's wildest fear: that the United States means to use a restructured and expanded NATO to revise borders wherever it sees fit in Eastern Europe and the former Soviet Union. This would convince even Russia's moderate lead-

ership that multilateral security cooperation has no future.

The implication would be for Russia to rely only upon its own military power, rather than what it sees as one-sided cooperation. Russia's decision to send a reconnaissance ship, and possibly warships, to the Adriatic is a sign that Russia's policy is moving in this direction.

The urgent need to occupy, and probably partition, Kosovo is clear. The international community is going to have to impose a settlement.

By its geopolitical position, its economic potential over the long term and its overall military capability, Russia is one of Europe's great powers. It is in NATO's interests that the settlement of the Kosovo crisis be done in cooperation with Russia, under authority of the Security Council. Only in this way will the military mission and the political settlement have the international legitimacy they need.

Is Russian cooperation with NATO possible even now? Yes, because Russia's stake in the crisis has little to do with Serbia and everything to do with Russia's role in European security. Russian objections are not to the use of force per se but to the use of force by NATO, unconstrained by the United Nations and without regard to Russia.

For its part, Russia's security elite has to accept that a humanitarian crisis exists and stop making excuses for Slobodan Milosevic.

An international occupation to partition Kosovo and restore its Albanian population could achieve active Russian support and Russian military participation. While not as modern as successful reconstitution for post-Cold War missions as NATO forces, Russian military forces are capable of traditional missions of territorial control and defense and would reduce the need for large numbers of American ground forces.

Intervention with Russia also will be more effective in containing Serbia. By participating on the ground, Russia can reassure itself and its domestic critics that the settlement is being implemented as agreed among the great powers. By involving the Russian military, NATO and Russia can build on the positive experience of the Russian military in Bosnia. It is a serious mistake not to see the difference between a Russia that cannot do anything to stop the United States and a Russia that actively cooperates in the areas of security that most engage American national interests. America's leaders should remember that cooperation ended the Cold War.

The writer, an associate professor of government at Harvard, contributed this comment to *The Washington Post*.

LETTERS TO THE EDITOR

Alienating Russia

Who would have thought any of us would live to see the fall of the Soviet Union? And, this miracle having occurred, who would have thought a president of the United States could be so obtuse and stumble-footed as to alienate a Russia that only a few years ago was doing its best — against enormous odds — to adopt an American-style economy and American-style democracy?

With little delay, and apparently no forethought, this foreign-policy untalented administration invited three former members of the Warsaw Pact to change sides to NATO — embarrassing Boris Yeltsin and giving his political enemies the ammunition they need to appeal to revanchist sentiments, raising the serious threat of returning Russia once more to a state of antagonism to all things Western.

Charles de Gaulle was many things, but slow on his foreign-policy feet he was not. One can imagine that the first thing he would have done would be to agitate for giving Russia a seat in the North Atlantic Council — probably with Russia remaining outside the NATO command structure, as indeed France has been since 1965.

Given the prestige of NATO membership and a voice in NATO political deliberations, Russian political and military egos would have been massaged and the appeal of Russian extremists effectively neutralized. The Romanian and Bulgarian economies would no longer remain stalemated in their reform programs because of the fear of Russian reversion. Nor with Russia a member of the North Atlantic Council, would NATO be subject to fear-driven appeals for membership from nations that can contribute little to the common defense, while imposing enormous new burdens and risks on current members.

Moreover, had Russia early been given a seat in the North Atlantic Council, we might well have avoided the current bitterness over NATO's involvement in the Balkans. We will never know whether, with the prestige of NATO membership behind him, Mr. Yeltsin might have prevailed in his negotiations with Slobodan Milosevic. But at least we would have been spared Russia's believing its voice has been ignored.

It was unwise in the extreme to get involved in Kosovo, where U.S. national interests are not directly involved. This was Europe's problem and Europe should have been left to handle it, if it were to be handled from the outside at all. NATO was created for self-defense, not to serve as the world's po-

liceman. The current action has alienated the Russians, the Greeks, the Chinese, most of the members of the Commonwealth of Independent States, and one can safely assume, Pakistan, India and most of Africa.

It has set an unfortunate precedent for more powerful states to interfere in the internal affairs of weaker neighbors. And it may well have prejudiced the willingness of NATO members to commit their forces in the future. But now that we are there, all must agree it would be disastrous not to prevail.

Perhaps the clouds of the present imbroglio have a silver lining. It may not be too late to offer Russia membership in the North Atlantic Council.

This might assuage the feelings of alienation and bitterness which have accompanied the Kosovo intervention. And it would give Mr. Yeltsin a new and more secure platform from which to renew his approaches to Mr. Milosevic, hopefully permitting

some form of reasonable settlement short of sending U.S. and other ground troops into Kosovo for an indeterminate but undoubtedly long stay.

DAVID TIMMONS,
Geneva.

The writer is a former executive officer of the U.S. Mission to the North Atlantic Treaty Organization.

A Presence in Serbia

In response to the report "Belgrade Keeps Control of Cross-Border Media" (April 6).

The independent press has been able to maintain a presence in Serbia thanks to a distribution system begun in July by the Association of Private Media of the Federal Republic of Yugoslavia with funding from the governments of Switzerland, Norway and Germany.

The company, APM Trans Press, has delivered these papers — albeit in censored form — every single day of the bombing along two of its four

routes. The important point here is that, once the era of wartime content is past, these papers will remain as a conduit for alternative information.

LARRY KILMAN,
Paris.

The writer is director of communications of the World Association of Newspapers, which together with Unesco helped to create the distribution system.

Not 'Cleansing'

Why do we grace the appalling inhumanity in Kosovo with the label "ethnic cleansing"? The process is one of racial persecution by dispossession and banishment. Hopefully the media can introduce a concise phrase that truly conveys the repugnance and condemnation which the process deserves — perhaps "racial banishment," "racial dispossession," "racial deportation" or "racial violation."

MAURICE OSTROFF,
Herzliya, Israel.



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Franchising is big business today, and that means new challenges for businesses that use franchising as a distribution method. A major focus for highly developed U.S. franchisors is expansion into overseas markets with high potential.

Only 13 percent of U.S. franchisors have operations overseas, according to Marcel Portmann, director of international development for the International Franchising Association. This leaves plenty of room for expansion. In addition, many U.S. franchisors are going public to help them raise funds for expansion.

The time is right, says Leonard Swartz, worldwide managing director of franchise services at Arthur Andersen LLP. "Many companies that are finding a saturation of market opportunities, and thus are looking to international markets to continue expanding their business. Also, companies want to go overseas because of the many opportunities there are in new markets."

The granddaddy of franchising may be McDonald's, but the hamburger king has been knocked out of first place in Entrepreneur magazine's Franchise 500 1999 listing of the top 100 franchisors by Yogen Friz Worldwide, a frozen yogurt franchisor. Other types of franchisors are coming up fast, among them Mail Boxes Etc. (MBE), number seven on the list. Based in San Diego, MBE, a wholly owned subsidiary of U.S. Office Products Company, is the world's largest franchisor of retail business, communications and postal service centers, with more than 3,700 independently owned centers around the world. All of MBE's international expansion is done through master licensing agreements. Its 1998 sales totaled \$1.4 bil-

lion. Peter Holt, vice president international for MBE, sees one of the major challenges facing the company today as "identifying and bringing in the highest quality people to our business in order to successfully develop the concept of MBE outside of the United States."

MBE chooses master licensees based on their past success in business. "We don't have time to teach the master licensees how to be successful in business," he says. "Also, we're looking for someone who has the ability to develop a disproportionate market share of our market concept. That means human resources, also referred to as business skills, financial resources and political resources, because in some countries if you're not connected politically, you can't do business easily in that country. We also want someone who has an understanding about local retail markets. Finally, and perhaps most importantly, we are looking for someone who has a shared vision, who understands the MBE concept in the United States and then has vision to do the same thing in their own country."

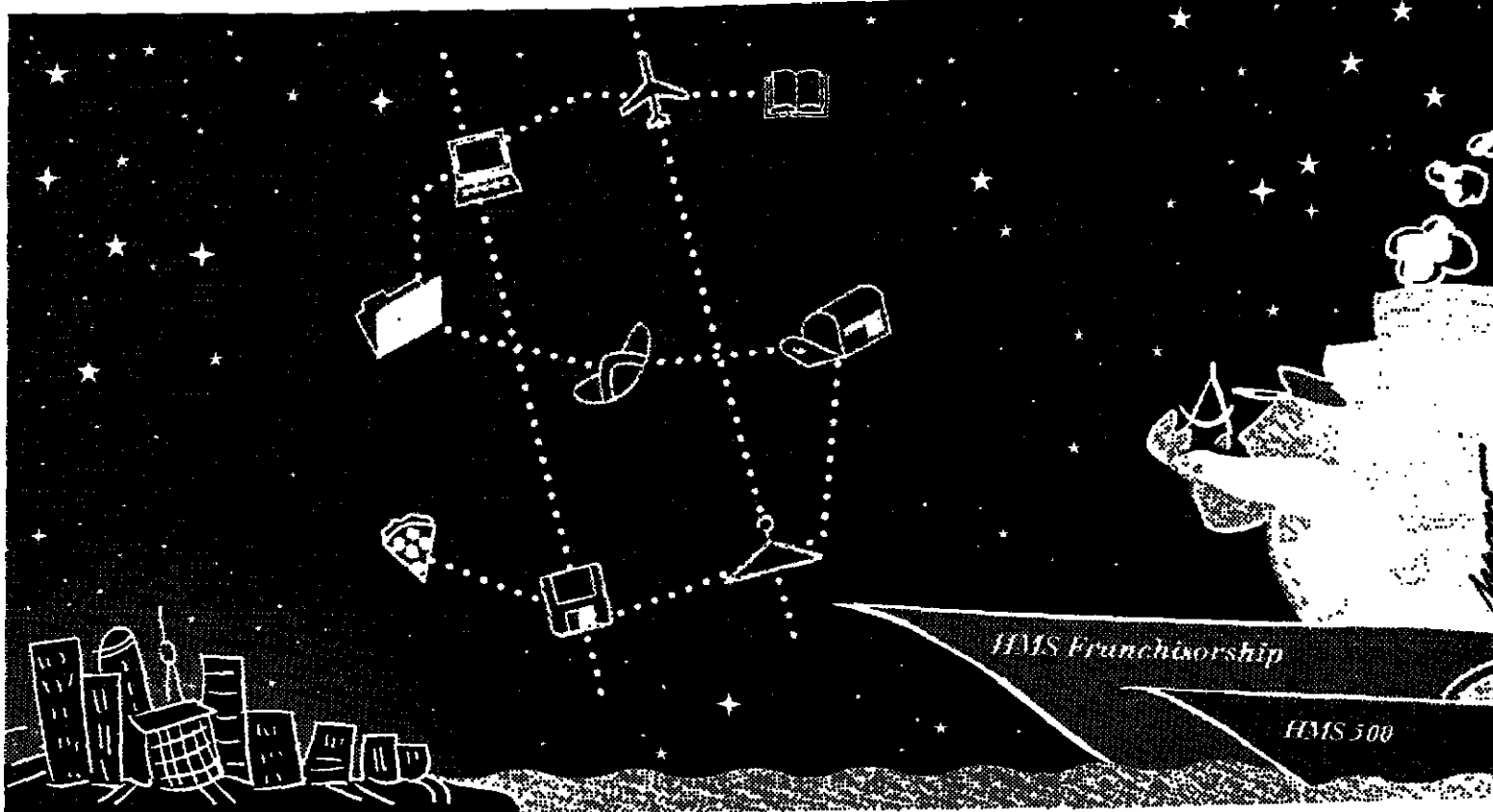
Seeking real professionals
Frank de Lucia, international franchise director for Sir Speedy, Inc. agrees that business acumen is an essential criterion in the choice of master franchisees. "We're not looking for mom and pop," he says. "We're looking for someone who can put together a team to not only operate a flagship center that can be used as a training center, but also to recruit and sub-franchise. We also want someone who can organize the marketing for that country using the materials that we provide." Sir Speedy, Inc., also in the Franchise 500 top 100, is a California-based franchisor with 818 centers

worldwide offering printing, copying and computer services to small and medium-sized businesses. Its total estimated 1998 sales amounted to \$500 million.

After traveling around the world to investigate potential markets for MBE, Mr. Holt has found that the company's concept works in both highly developed markets like Canada as well as in underdeveloped markets like Venezuela, where in spite of economic and political ups and downs, there exist some of the highest sales in MBE's system. Even after Mexico's financial crisis, MBE continues to thrive, with 58 centers located in the country. In Europe, Italy is MBE's most successful market. "The conclusion I've drawn," says Mr. Holt, "is that MBE works just about anywhere you put it if you have the right master licensee and the right people driving the business."

One factor he says that must be taken into consideration is that costs can be higher overseas. According to Mr. de Lucia, the cost of opening a Sir Speedy abroad is between 10 percent and 15 percent higher than in the United States. "We try to organize our vendor packages according to the vendor support offered in each country to keep the costs to a reasonable level," he says. "We will help out if we can purchase the equipment in the United States cheaper than if the master licensee tried to buy it in his or her country. We would then ship everything to the franchisee, and the shipping costs would be passed on to the franchisee. The key thing for us is not so much that they have the equipment—it's that they have the support from the vendor."

One of Sir Speedy's biggest overseas challenges, Mr. de Lucia adds, "is to match up the vendors and the equipment to meet the specifications of a Sir Speedy. The corporate office helps with all of it from start to finish."



Franchisors have been able to chart a smooth financial course, allowing them to compete with Fortune 500 companies.

According to Mr. Swartz, the pitfalls that franchisors must watch for in overseas markets include "franchising prematurely, franchising with insufficient financial resources, lack of long-term planning, poor implementation, failure to adequately screen potential franchisees and the selection of a weak trademark."

To U.S. franchisors in similar market niches who are considering overseas expansion, Mr. de Lucia offers this

advice: "You can't just take a system that works in the United States and put it into an overseas market and expect it to work. You must devote the talent, the resources and money to adapt the concept to fit the international market. You should be prepared to find the right vendors and resources in order to make sure that your system works as successfully overseas as it does in the United States. If it doesn't work in all locations, it will affect your brand."

Mr. Swartz agrees that products and services must be adapted to meet the local marketplace, "from a customs, religious and taste point of view." He defines the most important factors for the success of a franchise overseas as sound and profitable business at home, adequate financial resources, dedicated international team patience, the ability to listen and adapt, regular international visits and the right partner to work with in a foreign market.

Mr. de Lucia sees a flattening in the market right now because of the economic crises in Asia and Latin America, but he remains optimistic about the industry's future. "The economy is the nut to crack right now," he says, "but we are confident that the right partner is out there—it's just a more conservative atmosphere. We are not seeing that business-to-business needs have been reduced—we just see a more conservative nature for an in-

vestor. Growth expectations are currently conservative." A recent survey, Mr. Swartz says, shows that U.S. franchisors are most interested in North American markets outside the United States followed by Western Europe and Latin America. MBE currently concentrating sales efforts in northern Europe, South Korea and the Caribbean, while Sir Speedy is looking at Japan, Korea and Europe.

Heidi Ellis

DO THE FRANCHISE SHUFFLE

Franchising keeps up with the fast pace of today's business environment.

With companies merging and being sold at dizzying rates, franchisees fear that management changes may affect their bottom line, particularly if a new company lacks franchising experience or franchisees become only one part of the corporate mix.

"It depends on how changes are executed," says the International Franchise Association's Don DeBolt. "Most franchisors recognize that value is in the brand name and consistency, and that value and service exist at the consumer level. So maintaining those assets intact has to be at the top of the list in any acquisition."

When Tandy Corp. sold its Computer City and Incredible

Universe operations to concentrate on its core RadioShack stores, the company was bucking the multiconcept franchise trend. "RadioShack is Tandy," says Leonard Clegg, RadioShack's dealer franchise vice president. "If you're looking for new formats, forget it."

Aware of market saturation, RadioShack Select was conceived to permit stores to open a RadioShack as a store-within-a-store.

Blimpie Subs & Salads is

expanding the Blimpie brand, but the challenge is that Blimpie stands for sandwiches. "We're the group president," says Morgan.

Smaller franchisors generally buy or introduce compatible franchise concepts. In the midst of acquisitions or brand-building, a franchisor must reassure its existing franchisees. "There is a digestive process," says AFC Enterprises, Inc.'s chief executive officer, Frank Belatti, of the franchise conglomerate's acquisition last year of Seattle Coffee Company and Cinnabon. "We're in that phase: trying to incorporate systems, employees and franchisees along with the businesses." He adds that each company needs to be integrated while strictly maintaining its autonomy.

The message from management to franchisees must be clear, he adds: "We take the impact as seriously as you do. Our vehicles for growth are the same as yours. It's important they understand that we are very franchisee-oriented." What really interests franchisees, however, is the possibility of becoming "multiconcept" players, illustrated by the co-branding of Popeyes Chicken & Biscuits restaurant, one of AFC's

International Franchise Expo Starts

From April 9 to 11, the Washington, D.C. Convention Center is host to the International Franchise Expo, the "World's Premier Franchise Event," sponsored by the International Franchise Association. The expo offers approximately 300 exhibits, ranging from well-known brands to the up-and-coming. Visitors can sample products and services, and meet the seasoned executives behind the companies. A six-track comprehensive curriculum of seminars and symposia are to be presented by industry experts, and will provide in-depth coverage of key franchising issues.

flagships, with Cinnabon. Many franchisees may already own a piece of real estate too small for a Popeyes, but perfect for the smaller Cinnabon store. By acquiring franchise concepts that can be co-branded with existing outlets, Mr. Belatti adds, "We don't have to overbuild a franchise in any market."

Do franchisees resent a company selling competing franchises in the same area? Mr. Belatti acknowledges that some Church's Chicken (another AFC venture) and Popeyes have opened near each other, but he notes, "We take up locations that would have been taken up by a competitor anyway." He adds, "most concepts thrive on competition."

The Dwyer Group consists of six home-service franchises. Each franchise in the group represents the same customer base, so multiple franchises are a distinct possibility. Franchisees are "always fearful when adding a concept, [about] who gets the most attention," notes Dina Dwyer-Owens, the company's chief executive officer. "But as the Dwyer Group grows, they grow. It gives the franchisees more opportunity. If there are only two franchise companies, then they're not as strong as seven concepts."

Tricon Global Restaurants provides an example of a franchise being spun off from, rather than merging with, a conglomerate. The company, which left PepsiCo two years

ago, has Pizza Hut, KFC, Fried Chicken (KFC) and Taco Bell restaurants around the world. Tricon has enough faith in the franchise concept to begin selling off its remaining company-owned stores. Franchisees closer to the customer; better able to run the restaurant," says Tricon's president, David Novak, who, before the spin-off, resented management's commitment to the franchisees.

"We are now a focus restaurant company," Novak says. "We have distractions." As proof of relationships with franchising have improved, the same-store sales increase all three brands in 1998 for the first time in 10 years. Most important, Mr. Novak says, Tricon has coordinated franchises. Formerly, a brand was a separate corporate fiefdom operating itself; Taco Bell sometimes found itself in the situation bidding against KFC for a piece of real estate. Today, combined brands can exert collective clout when buying supplies or property.

Mr. Belatti stresses the advantages of a conglomerate. "We continue to generate efficiencies that ultimately wind up positively affecting franchise operations," says, is AFC, thinking adding more franchises to company's already formidable roster? "We're always kicking the tires," he says.

Steve Weiss

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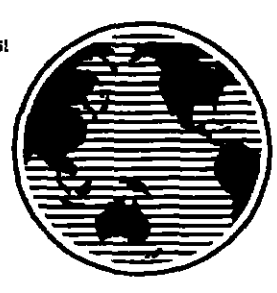
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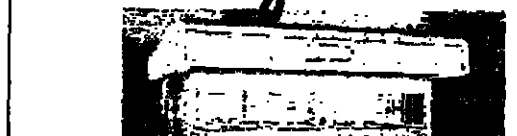
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INTERNATIONAL FRANCHISING

SCIENCE AND COOL JAZZ

Franchisors are boldly going where no franchise has gone before.

With franchising such a well-established business practice — there are 600,000 franchise operations in the United States alone, according to the International Franchise Association — do any unfulfilled niches remain?

According to IFA President Don DeBolt, the mantra for the kind of franchise that can grow has become "anything time-saving." As dual-income households become increasingly common around the world, he says people generally have more disposable income and less time. Blimpie Subs & Salads, for one, hopes its new concept, Pasta Central, will appeal to working parents by offering complete meals as well as more traditional eat-in restaurants and single-portion takeouts.

Creative ideas...

Environmental responsibility is another important development spurring industry diversification. Naut-A-Care, for example, is a franchise of marina-roving barges that change a boat's oil without having to put it in dry dock. As well, consumers' concerns about recycling are increasing. Mr. DeBolt says, and parents are becoming more bargain-conscious — especially when they have young, fast-growing children to buy products for. Grow Biz International, a multiconcept franchisor, has developed three franchises that buy and sell used goods, keeping still-serviceable items on the market and out of the landfills — as well as creating bargains for the shopper. For the ath-

letes in the family, there is Play It Again Sports, recycling used (or, as is often the case, unused) sports equipment. The technophile can find less up-to-date, but still useful, computer equipment at Computer Renaissance. And Once Upon a Child solves an age-old problem by buying and selling outgrown children's clothing.

...and helping hands

Aquaid Franchising Ltd., a British-based supplier of water coolers with combined annual sales of around \$2.25 million, is an unusual franchisor with a charitable mission. For every bottle of water it sells, 65 cents goes to the charity Christian Aid for Third World water projects. Says Paul Searle, managing director of Aquaid, "Every year, each water dispenser that we site raises enough money to bring two children in a country like Ethiopia water for the rest of their lives." The company is currently looking for master franchisees in nine West European countries. "We intend to establish links with leading charities in each of the countries where we establish a master franchise," says Mr. Searle.

Another new kind of service being offered by franchisors is security. Mace Security Center (retail stores), Security World International (personal, auto and home protection systems) and Safe Not Sorry (childproofing, senior care and pet control) are franchises addressing growing global concerns for personal and property security.

Birdland is a franchise of an entirely different feather. A renowned New York City jazz club, it is franchising its famous name and its clout for booking major acts. For co-owner Andy Kaufman, knowledge of the restaurant business is more important than a knowledge of jazz for prospective franchisees. Such a franchise is also self-limiting, and Mr. Kaufman is considering only major cities that can support a jazz club.

Fun and good for you, too

Several companies are focusing on the plight of the junior couch potato, including Pre-Fit and Kidsports — gyms for children. Mad Science is a four-year-old franchise that exercises young children's minds with interactive scientific activities. In addition to traditional advertising in the Yellow Pages or local newspapers, Mad Science franchisees visit local schools and give free demonstrations. This unusual concept has proven so successful that Joel Lazarovitz, marketing and sales coordinator for the Montreal-based company, is considering developing similar concepts, such as Mad Math or Mad Languages.

For established franchises, growth strategy reflects the need to diversify geographic and product bases. Uniglobe Travel focuses its growth on nearly every market outside the United States. Like many franchises, Uniglobe grants master licenses for one country or a group of smaller countries. The master licensee, in turn, sells franchises within that territory.



Many franchisors have their sights set on maintaining a strong presence on Wall Street.

Another travel agent, Global Travel Network, grants master licenses, but also has expanded overseas by converting existing travel agencies into franchisees (as in Greece), or by granting a license to already-existing agencies (as in Morocco). Global Travel Network Executive Vice President Stephanie Abrams believes that franchisees must be more flexible if they want to expand into overseas markets. "We're looking for good businesspeople," however they come about," she says.

Sometimes geography can constrain growth. Le Croissant Shop cannot go west of

the Mississippi River because raw, frozen dough does not travel well, explains Arnaud Thieffry, vice president of operations. The company has explored co-branding in which more than one franchise operates in the same location, but Mr. Thieffry says their small shops cannot support more than one franchise in the same location.

Broad appeal

Some companies expand their existing brands by purchasing a franchise that complements the existing one. After Atlanta-based AFC Enterprises, Inc. bought Cinnamon and Seattle Coffee Com-

pany last year, AFC's meal-based franchises, Church Chicken and Popeyes Chicken & Biscuits, broadened their appeal. "We try to acquire products and brands with high brand appeal," says Frank Belatti, AFC's chief executive officer. "They're also highly franchiseable and carry wholesale and grocery applications beyond retail." Like these two franchises, Pasta Central also carries grocery items. Joe Morgan, Blimpie's group president, calls this trend a "groceron," combining aspects of a typical restaurant with a grocery store or gourmet deli.

WE ARE FAMILY

Collaboration is the key to success.

Franchise companies have embraced a new management philosophy: to be "extremely progressive and collaborative," according to the International Franchise Association's Don DeBolt. The franchisee is looked upon as a "partner, investor and research department," he says. Such thinking reflects the bottom-up style of franchising today.

"Our client is our franchisee," notes the Global Travel Network's Stephanie Abrams. She calls the company's franchisees her "family," and adds: "We work for them, they don't work for us. If it's best for the franchisee, it has to be best for the company."

As Mr. DeBolt points out, the Big Mac was not developed in McDonald's headquarters, but by a franchisee in Pittsburgh, who discovered that regular hamburgers did not satisfy steelworkers' healthy appetites. "So, in a progressive system, which is more and more the rule, collaboration readily takes place," Mr. DeBolt says. "Someone is taking the initiative at the customer level."

"The best ideas have always come from the franchise body," says Joe Morgan, group president of Blimpie's Subs & Salads. "Nobody knows the day-to-day operations better than the field general. Bottom-up is not just a management speak cliché. It's the only way in this competitive environment that our business can survive."

Steak sales at stake

Outback Steakhouse's management has become a case study at the Harvard Business School. When Outback went public in 1991, the company bought out its U.S. restaurants. The resulting hybrid combines the best of franchising with corporate ownership. Store managers make an initial investment in the restaurant; in return, they receive a salary and 10 percent of the restaurant's cash flow.

According to Burley Moss, Outback's vice president of international development, the average manager makes well over \$100,000 annually, "so there's very little turnover." Outback has further streamlined operations by decentralizing the decision-making process. Instead of reporting to middle management, regional operations managers report directly to Atlanta headquarters. What Mr. Moss calls the resulting "internalized franchise-type system" has created owner-operators with an independent outlook. "The franchisee is really a partner," Mr. Moss says. Outback repeats the process overseas. Each entrepreneur invests money for a five-year commitment and, in return, receives a salary, which varies according to local pay scales.

Many franchisors are initiating new programs to maintain partner relationships with franchisees. Tricon Global Restaurants, a multiple franchise spun off from PepsiCo, recently held its first-ever U.S. franchise leadership summit. Company leaders and franchisees from all three companies shared practices and explored cross-branding opportunities.

Steamatic has developed an extensive intranet that enables management to "chat" in real time with franchisees. Like Steamatic, Global Travel Network added an intranet system two years ago to distribute flyers, direct mail pieces and promotions more quickly. "What used to take two weeks is now immediate," says Ms. Abrams.

Above all, franchisors need to select entrepreneurs who will be team players. "You need someone financially qualified," says Le Croissant Shop's Arnaud Thieffry. "You have to tell potential franchisees they're buying a system. They need to follow it, not reinvent it." Of course, he adds, he listens to any and all suggestions, as long as they do not detract from the franchise's basic concept.

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Faced with a wealth of choices — from catalogues to outlet stores to the Internet — consumers are becoming harder to woo. "Consumers continue to be more and more fickle," notes Bill Fromm, chief executive officer of Kansas City-based Service Management Group, which measures customer satisfaction for several franchises. "The challenge is to build relationships." With brand loyalty a relic, franchisors face the same problems as other consumer companies in today's highly competitive marketplace.

The local level

The true strength of the franchising industry lies not at corporate headquarters, but at the "franchisee branch office," according to the International Franchise Association's Don DeBolt. An entrepreneur brings a spirit of ownership to his franchise that the manager of a company outlet can never match. These owners also value customers all the more because their investment — often their life's savings — are tied into their business.

Franchisees may have one big advantage: Their local managers will not play the role of company yes-men. "The big difference between franchises and company-owned stores is the sales process of the marketing plan," Mr. Fromm says. "They have to persuade independent businessmen to go along with the company plan." This also means that franchisees are not afraid to buck management.

On the other hand, franchisees "push back ideas," Mr. Fromm adds. "They are closer to the customer in some instances, and the franchisor is advised to follow their lead."

Teamwork in research

Franchisors also use the franchisee to help gather customer information. At every Fairfield Inn, as part of the checkout

process, customers answer questions, and the information gathered is passed along to the marketing department.

"Customers can begin to be taken for granted," warns Stephanie Abrams, executive vice president of the Global Travel Network. "We try hard not to forget that the customer can 'fire' us at any moment by taking business elsewhere." The Global Travel Network builds customer loyalty with a frequent flyer-type program — every dollar spent earns an additional mile toward a new trip.

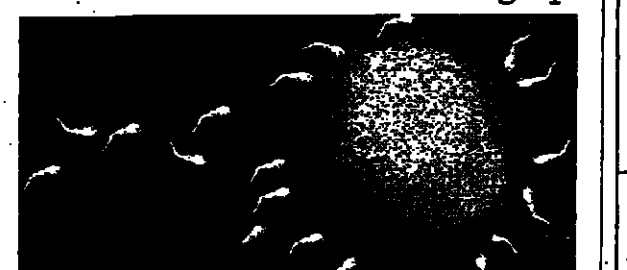
Franchisors use the Internet to scout another elusive customer — the prospective franchisee. With the solid economy and low unemployment, "[people are] less likely to seek other

ways to further their career objectives, such as franchises," Mr. DeBolt says. Several companies report franchise sales resulting from leads found on the Internet.

Those newly minted franchisees become part of an industry in which customer loyalty is essential to survival. According to Mr. Fromm, customer loyalty is greater among franchises than corporate stores, which is why some companies convert outlets to franchises. "Generally, when you see franchisees who have both company stores and franchisees, the franchise stores operate with better numbers," Mr. Fromm says. "Because senior management is closer to the firing line."

"INTERNATIONAL FRANCHISING" was produced in its entirety by the Advertising Department of the International Herald Tribune.
WRITERS: Steve Weinstein in New York and Heidi Ellison in Paris, with additional reporting from Meg Whittemore in Delaware.
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Leisure

Into the Mists of Borneo's Kinabalu

By Thomas Fuller
International Herald Tribune

TAMAN KINABALU, Malaysia — It is a peculiarity of the human race to spend time and money on things that cause pain. Sometimes this is called a vacation.

That's just one of the thoughts that raced through a climber's mind during the relatively quick, but brutal ascent of Mount Kinabalu, one of Southeast Asia's tallest mountains. Another thought: If you like the Stairmaster, you'll love Mount Kinabalu.

By Himalayan standards Borneo's highest peak is a bunny trail. By the standards of just about anywhere else it's a serious contender. At 4,095 meters it's almost as tall as Mont Blanc in the French Alps.

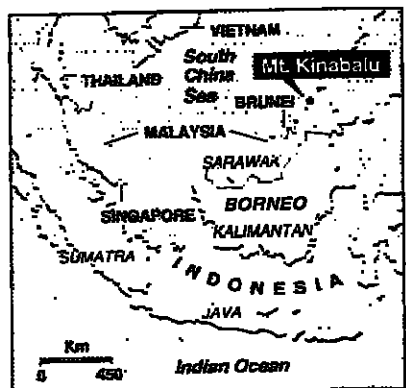
But unlike Western Europe's highest peak, you don't need any sophisticated gear to get to the top. It's cold, but there is no snow to contend with. Kinabalu's trail is beautifully maintained with wooden railings and ropes and — remarkably — a flush toilet about every kilometer. There's a rest house half way up that serves decent food and hot and cold drinks.

And that's what's so difficult about Kinabalu: its deceptive nature. The trail is straightforward, but it challenges the fittest of visitors with an unrelenting climb, 8.72 kilometers straight up. The path almost never levels out, just continues up and up like a giant staircase. (Also, unlike Mont Blanc, there's no cable car to bring you half way up the mountain before you start your climb.)

For those visitors whose major source of exercise most of the year is moving a computer mouse back and forth across a desk, Kinabalu will leave you very sore.

So why bother? For one thing, tall mountains on this scale are rare in Southeast Asia. Kinabalu is the highest peak between the Himalayas and far-off New Guinea. You begin the climb through a steamy, tropical rainforest and end up on a near-freezing, treeless slab of granite.

The reward comes at the top: a 360-



degree view of Borneo's rainforests and the edge of the South China Sea. Kinabalu gives climbers this spectacular view, but only on her own terms. Soon after the sun comes up, clouds and mist often gather around the summit, reducing visibility to a few dozen meters. So the best time to reach the top is just before sunrise, which requires a dark, predawn trek across the moon-like rock face to reach the summit

by 6 A.M. It is not difficult to understand why for centuries Mount Kinabalu has held a special place in the traditions and rituals of the people of northern Borneo. There is a weirdness in the way the mountain seems to attract and cling to all the mist and clouds of the area.

To the Kadazanduns, the dominant ethnic group of northern Borneo, Mount Kinabalu is the place to which the spirits of the departed travel, a shrouded summit that claims their dead.

And if recorded history is to be trusted, they wanted Mount Kinabalu to stay that way — a place where only imaginations and spirits traveled. The mountain is a million years old, but the first recorded ascent was by a British man in 1851.

Hugh Low, an adventurer with a taste for botany, led an expedition to the top and gave his name both to the summit (Low's Peak) and several plants he discovered along the way.

AN EASIER TIME OF IT The climb up Kinabalu today, of course, requires none of the bushwhacking Low and his fellow climbers endured to reach the top.

At base camp, there are climbing fees to pay, reservations to make for a bed in the half-way hostel and a mandatory guide to hire. Visitors then hop in a van that zigzags up the unimaginatively named Power Station Road to the trailhead. From there, it's a straight, sweaty 6-kilometer climb through thick jungle, lifting cramped legs up the rocky path.

Unlike other mountains that reward climbers with spectacular and galvanizing views in the early stages of an ascent,

Kinabalu hides its splendor until a few hours from the top. Most views through the trees are obscured by the almost constant mist that hovers around the base.

A few hours into the hike the trees become shorter and the undergrowth sparse. And as the jungle thins out, so does the air. The change in atmospheric pressure can make an air-tight bag of cashew nuts swell up like a balloon.

Less than three kilometers from the summit is the hostel where climbers usually spend the night in Spartan dormitory rooms. The hostel's restaurant has decent food, beer and plenty of hot tea. But sleep comes fast at high altitudes and nearly everyone is in bed by 8 P.M.

A few hours past midnight the hostel comes alive again. Breakfast is served and several dozen groggy climbers, wearing winter coats, hats and gloves, drag their sore muscles out the front door.

With flashlights illuminating their path, the climbers form a constellation of flickering lights up the side of the mountain. It's about four hours to the summit, with short steps and deep breaths. The air is crisp and the rock face eerie, lit only by the moon and stars.

As the sun comes up, it fills the sky with reds, oranges and yellows, lighting the weird rock formations nearby and the jungles far below. Whipped by the wind that comes up with the sun, climbers begin the long hike down the mountain, a 9-kilometer, knee-breaking descent.

Trekking up the mountain is the next batch of visitors, sweating, panting and wondering why they spent time and money to put themselves through such pain.



Trekking past South Peak on the way to the summit of Mount Kinabalu.

Tasting the Drama of Jerusalem

By Deborah Sontag
New York Times Service

JERUSALEM — The typical tourists in Jerusalem fill their days with official sites — from the Yad Vashem Holocaust memorial to the Al Aqsa Mosque — because there is so much history to be seen. But the real, throbbing, conflicted city often gets overlooked.

Jerusalemites like to appreciate their hilltop city in two ways: by rising above it, in the perpetual search for the best view, and by plunging deep into its diverse neighborhoods. To listen to locals describe the special light of the city as it glances off the white stone buildings is to hear a rhapsody of affection; to watch them argue city politics over a pile of figs in the marketplace is to see a different, more complicated kind of passion.

Perhaps the most engaging way to stand above the city and at the same time explore the line between East and West, ancient and modern, is to walk the tiered ramparts of the Old City's walls. They offer panoramic vistas and glimpses into the private world within. Think of it as an initiation, an overview and a tease before you explore such neighborhoods as the ultra-Orthodox Mea Shearim, the Arab parts of East Jerusalem or the trendy, secular German Colony.

Stand at the Damascus Gate, above the market where old women sell bunches of mint, and work your way around. From within the Old City, it is hard sometimes to see beyond the tourist stalls and the pesky, would-be guides. But when, from the walkway, you peer inside at the strings of laundry hanging like necklaces between satellite dishes, you realize that this is a small, teeming metropolis — 40,000 people — Jews, Christians and Muslims packed together — a unique social experiment in a stunning setting. Israel is in the midst of a volatile campaign leading up to the May 17 elections, in which the identity of Jerusalem is the subject of fierce debate. The posters, the rallies and the politicians are everywhere now; that is the living event of the moment.

There is also a string of important holidays. At 11 A.M. on Israel's Memorial Day, which this year falls on April 20, a two-minute siren will sound and life in Jerusalem will halt. Drivers will step from their cars and workers from their offices to participate in a

national minute of silence for Israel's many fallen soldiers.

Then, starting at sunset on April 20, the mood shifts dramatically as the country ushers in its Independence Day. It is Jerusalem's biggest party of the year. At almost every plaza, including Independence Park and Zion Square downtown, Israelis get together for folk dancing, free concerts and hourly fireworks displays. Everyone wears outlandish hats and twirls noisemakers. Be warned: It is a custom to pop people on the head with plastic hammers and spray them with Silly String.

The sprawling Israel Museum, with exhibits ranging from fragments of the Dead Sea Scrolls to video art, considers itself Israel's Metropolitan Museum of Art. Visitors can lose themselves there for a full, varied day; children love the youth wing and the climb-on sculptures in the playground. Through June 8, "Magic Looms" features a display of rare carpets on loan from Turkey. From May 28 through the end of the year, "Drink and Be Merry: Wine and Beer in Ancient Times" explores drinking practices in antiquity. The museum is on Ruppert Way near Parliament.

On May 5 at the Jerusalem Theater, 20 Marcus Street, Shlomo Artzi, one of Israel's most popular singers, will perform. His style is folk-rock: the lyrics are in Hebrew and it is a consummate Israeli experience.

SEEING THE SIGHTS

After walking on the walls of the Old City, try plunging beneath. The tunnels under the Western Wall can be toured with a guide. The tour, winding through ancient aqueducts and quarries, explores the underground remains of the Temple Mount, as excavated so far. Emerging from down below, you are at the Western Wall, a moving religious experience for some and for others a fascinating glimpse of the ultra-Orthodox in swaying prayer — or on the Sabbath, in joyful song and dance.

There is almost too much to absorb in the Old City, not only the clash of different cultures — Armenian, Jewish, Christian and Muslim — but also of commerce and faith. On the Via Dolorosa, where you often see Christian pilgrims dragging a giant crucifix through the Stations of the Cross, you can also sample the most delicious hummus in the city. You

can buy the latest Reeboks in the Muslim quarter, then ascend to the Dome of the Rock, where Islamic prayer and music mingle inside the gilded octagonal structure. The excellent Tower of David Museum, near the Jaffa Gate, gives a great overview of Jerusalem's history, with artifacts, holograms, videos and dioramas. Try investigating neighborhoods, too. Wander the German Colony, near the railway station, with its boutiques, wine shops, art cinema and sushi bar. To get a taste of fairly affluent secular Jerusalem, or venture, respectfully and modestly dressed, into Mea Shearim to see the modern-day version of an old shtetl. Walk up Agrippas Street to the Shuk, or Mahane Yehuda open-air market, where you can buy olives or apricots, or pub-hop in the Russian compound.

GETTING A BITE There is only a handful of fine restaurants in Jerusalem, but many pleasant ones in great settings, and some genuinely funky dirt-cheap places in colorful neighborhoods.

Many consider Arcadia, in an alleyway off 10 Agrippas Street, to be the city's all-around class dining establishment. Set in an elegant old stone house with courtyard, it offers inventive cuisine that makes good use of local ingredients. For starters, there is a pumpkin soup, delicately spiced with oranges, cinnamon and cayenne pepper, or a cold vegetable terrine that layers goat cheese with eggplant, dried tomatoes, grilled peppers and swiss chard; for entrees, red mullet fillet on a bed of white beans; and for dessert, a fig tart filled with almond cream. Dinner for two with wine comes to \$125.

Darna, at 3 Harkonen Street, is a strikingly beautiful Moroccan restaurant, and its ornate casbahlike decor, with materials and workers from Morocco, a former enemy of Israel, is a culinary dividend of the peace process. Costumed waiters offer gracious service to Western-style tables or low-slung banquettes piled with colorful pillows. The cuisine combines savory and sweet flavors. Specialties include the traditional pastilla, a flaky pastry filled with chicken and almonds, and tagines (stews) of meat, fish or chicken cooked with fruits or vegetables. Dinner for two with wine is about \$100, and a sampling menu is \$43 each.

Jan's Tearoom, 5 Chopin Street, is fun. In an Ali Baba-style cave hidden



The ramparts of the Old City, above, and a market near the Damascus Gate in the Old City.

beneath the Jerusalem Theater, dining is Bedouin-style or at a table. It specializes in Middle Eastern-style comfort foods: fresh salads, vegetable tortes, goat-cheese steaks, rich pies for dessert. \$37 to \$50 for two, with wine. Cash only.

From the terrace of Cacao's, the restaurant at the Cinematheque, 11 Hebron Road, the views of the Old City walls are lovely. Salads, home-made pasta and salmon many ways. Dinner for two with drinks costs \$37.

At 4 al-Zahara Street in East Jerusalem, the National Palace Hotel's rooftop restaurant serves excellent Middle Eastern food, from salads to shish kebabs. Expect to pay \$34 for a complete meal for two, including soft drinks.

CAP A STROLL through Mea Shearim with a crispy ball of fried chickpeas at Shlomo Felafel, in the heart of the neighboring Bukharan Quarter on David Street. It is the oldest felafel stand in Jerusalem. The current proprietor is the third-generation Shlomo. He sells two balls for 25 cents; for splurgers, an oversized Iraqi-style pita with felafel, assorted salads and tehina sauce is \$3.



MOVIE GUIDE

BELLE-MAMAN

Directed by Gabriel Aghion. France.

Grandma Nicou (Line Renaud) is gay, her girlfriend Brigitte (Stephane Audran) is quite mad, her daughter Lea (Catherine Deneuve) is a very free spirit and her granddaughter Severine (Mathilde Seigner) is an uptight lawyer — it can happen in the best of families. This is an ideal dysfunctional family. Gabriel Aghion tells us, in a camp comedy of mores in modern France. On Severine's wedding day, her husband, Antoine (Vincent Lindon), falls for his mother-in-law. When the couple flies off to Martinique, *belle-maman* is again the main attraction: she soon becomes an obsession. Of course, there would be no "Belle-Maman" without *la belle Deneuve* who relishes a free fall from ice-queen heights. Poor Severine got all the wrong genes. When Lea sings at Grandma's birthday, you can't help thinking of the young Deneuve in "Les Parapluies de Cherbourg," another kind of mother-daughter story. Renaud is fun as foul-mouthed grandma. Daniele Lebrun is exquisite as the alcoholic mother-in-law, and Seigner comes off her lawfully perch and turns out to be as crazy as the best of them. Daniele Thompson wrote the script with Aghion. They try to keep tripping the light fantastic, but run out of comic inventiveness. We grow weary of dirty jokes in repetition, lulls and lapses. And then there's that cell phone bleating away, a reminder of maddening modern communication, until it becomes so intrusive that someone finally flushes it down the toilet. In this comedy, the style runs to anything goes, and there goes the magic. (Joan Dupont, IHT)

COOKIE'S FORTUNE

Directed by Robert Altman. U.S.

The sweet assurance and guerrilla wit of Robert Altman's vintage ensemble films make a serenely captivating return with "Cookie's Fortune." In this seamlessly capacious treat, Altman once again dreams up a well-rounded community of symbiotic oddballs, then effortlessly lures the viewer into their world. With a fine cast working on a single, nicely eccentric wavelength, he and the screenwriter Anne Rapp turn picturesque Holly Springs, Mississippi, into a hotbed of grudges, power struggles, family secrets and historical footnotes, all presented with the same rueful overview. "On this site in 1897," reads a sardonic sign in the local liquor store, "nothing happened." "Cookie's Fortune" enjoys every bit of mischief that Holly Springs has to offer. It especially notices the racial contrasts. The film opens in a blues club where a sultry black singer (Ruby Wilson) makes the atmosphere instantly inviting; then it checks out what the white folks do for entertainment. At the local church, rehearsals are in full swing for a play about Salome and John the Baptist ("Excuse me, head coming through!" says the prop man) under the aegis of Camille Dixon, played by Glenn Close as a ladylike monster who insists on sharing a writing credit for "Salome" with Oscar Wilde. The film has its own Salome turn waiting in the wings. But first it must introduce the beautiful friendship between good-hearted Willis Richland (Charles S. Dutton, appealing and rock solid in this central role) and crusty Jewel Mae (Cookie) Orcutt (played

touchingly by Patricia Neal in a rare screen appearance). The film teases its audience with the possibility that a black man may be breaking into the middle of the night, but in fact it's only Willis stopping by on a friendly basis. These two have a cozy rapport of long standing. Willis is closer to Cookie than any of her white relatives happen to be. Camille, played diabolically well by Close, barges resentfully through the story, annoyed by the wealth of her Aunt Cookie, the pliant dizziness of her sister Cora (Julianne Moore) and the general existence of Cora's tomboyish daughter Emma (Liv Ullmann), who prefers working with catfish to any daintier profession. Tyler, who fits right into the Altman ensemble style, makes it easy to understand why Emma is admired by a police rookie (Chris O'Donnell) and a Peeping Tom (Lyle Lovett) with equal ardor. Though the film is loaded with local color, it doesn't drift into the vagueness that has weakened Altman's secondary work. Nor does it strain for Porter" did. Unlike his evocative John Grisham film, "The Gingerbread Man," this one does not unfold on unfamiliar terrain, preferring instead to rekindle the attitudes of his wonder years in the 1970s. If "Cookie's Fortune" is lighter and less haunting than Altman films of that era, it is also more tightly plotted and direct. The director astutely shepherds this story through assorted outrages and revelations until it arrives at a lovely finale, one that gives each character exactly what he or she deserves. (Janet Maslin, NYT)



Catherine Deneuve and cast in a scene from Gabriel Aghion's "Belle-Maman."



GOOD TRAVEL DEALS

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GLENEAGLES	Scotland	"Perthshire Package" for £290 (\$464) per person per day includes VAT, full board, use of fitness center and spa treatments, unlimited access to sports — golf, clay-pigeon shooting, falconry and horseback riding. Until April 30. www.gleneagles.com
GRAND HYATT	Hong Kong	"Privilege Plan" rate of 2,150 Hong Kong dollars (\$277) for a garden-view room includes airport transfers, pressing of one suit on arrival and free laundry, breakfast, free local calls, 6 P.M. check-out, 15 percent off business-center charges and no supplement for double occupancy. Until Dec. 23.
MILLENNIUM GLOUCESTER	London	"Spring Special" two-night weekend package for £99 (\$158) a night for two people includes English breakfast, VAT and a bottle of Champagne in the room on arrival. Until April 30. (44-171) 331-6195.
THE REGENT	Thailand	Four-night "Discover Thailand" package for \$920 per person (twin sharing) includes two nights in a mountain-view suite at the Regent resort hotel in Chiang Mai, with use of tennis club and spa, and two nights at the Regent Bangkok, with use of fitness center and pool. Plus American breakfast and airport transfers for both properties. Until Sept. 30. (66-2) 254-6930.
SHANGRI LA	Harbin, China	Opening rate of 40 percent off all rooms includes breakfast. Until May 31.

Compiled by Roger Collis. Although the IHT carefully checks these offers, please be warned that some travel agents may be unaware of them, or unable to book them.

BOOKS

LITTLE GREEN MEN

By Christopher Buckley. 300 pages. \$24.95. Random House.

Reviewed by Carolyn See

JOHN BANION, a tedious but covetously sweet Washington pundit in his late 40s, is out practicing his golf stroke one day when he finds himself jiggered up into a flying saucer, poked, prodded and "stretched" in a most unsettling fashion, and then dropped back down onto the lush greens of the capital's most prestigious country club.

The whole thing is way too embarrassing and way too strange, so Banion, after a few hours of indiscreet babble, doesn't talk about it. Aliens don't fall within his province of worries. His worries are more appropriately the likes of: Will the president still be coming to dinner next weekend after Banion has insulted him extravagantly and ruthlessly on his Sunday morning talk show?

But when it happens again the "alien" experience sinks in. What else can Banion do but talk about it? When St. Paul got pitched off his donkey on the way to Damascus, he didn't keep on being a pagan, did he? One's life is bound to change, and Banion's speeches, talk shows and syndicated columns become informed by a wholly new subject matter: What do Congress and the administration plan to do about these aggressive superintestinals? For-

get the Russians, taxes, the Balkans: We're being invaded; we have been invaded by freaky aliens!

The reader already knows that these "aliens" are the invention of an obscure and very effective U.S. agency called MJ-12. Its 12 bureaucrats have been on the job since 1947, the height of the Cold War, staging encounters of the Third Kind — hauling overweight women up out of Target parking lots for what may be the best sex of their dreary lives, mutilating cattle, spreading pernicious rumors. A disgruntled MJ-12 employee, Nathan Scroggs, denied a transfer once too often, watches John Banion's insufferable show after a dozen too many Bloody Marys, tinkers with his computer and arranges for an abduction of the owl-like, clueless pundit.

But these abductions, over the past 50 years, have been meant to function only as a sop and diversion for the underclass. (No woman of means has ever been jerked up out of the Saks parking lotting her Ferragamo purse.) The MJ-12 bureaucrat has made a serious mistake in the Banion matter, and like bad primer on a cut-rate auto paint job, the concerns of the American unwashed begin to leak up into the Establishment.

Banion's previous life is shattered, but it begins to come together again in a most interesting way. He loses his Sunday morning talk show and his corporate sponsor, but as one audience disappears, another one, far more vigorous, en-

thusiastic and twice as goofy, rises up to take its place. There are thousands of citizens out there who have been levered up into saucers for magic afternoons of weird sex and — finally! — a little attention. These people crave a credible leader, and John Banion is their man. He gets a new show, "Saturday." His new sponsor is the undignified "Goody Lube," and his viewers become legion.

Christopher Buckley's knowledge of the ruling class and its whimsical ways is what grounds "Little Green Men" and makes you smile the whole time you're reading it. So the president is coming to dinner this weekend, is he? Some of us may remember William F. Buckley Jr.'s account of a week in his own life, predated on that dizzying hypothesis: The president may be showing up for dinner on the weekend! What a strange and heady concern. Without belaboring any of this, Buckley's son Christopher compares and contrasts two kinds of gentle lunatics: the disheveled, uneducated, badly dressed space "experts," and the Pamela Harrimans, Vernon Jordans, Henry Kissingers who more or less run our tottering republic. Who gets the Crazy Prize? It's a toss-up.

I haven't given away the plot here, merely the exposition. It's such a sweet treat to watch this silly but knowledgeable story play out.

Carolyn See reviews regularly for The Washington Post.

BRIDGE

By Alan Truscott

THE semifinals of Vanderbilt Knockout Team play at the American Contract Bridge League's Spring Nationals in Vancouver, British Columbia, had an international flavor. Three of the four participating squads included European players who had won international titles.

Lorenzo Versace of Italy were teamed with George Jacobs, Ralph Katz, Peter Weichsel and Alan Sontag. They faced Adam Zmudzinski, Cezary Balicki, Marek Szymanski and Krzysztof Morien, of Poland, plus Grant Buze and

Tipton Golias. The only surviving four-person squad was Geir Helgemo of Norway. Tony Forrester and Andrew Robson of England, and Rita Shugart. They opposed the only remaining all-American group: Steve Robinson, Peter Boyd, Kit Woolsey, Fred Stewart, Michael Becker and Michael Kamil.

The most disastrous defense of the Vanderbilt was perpetrated on the diagrammed deal by a former world champion, Hugh Ross, who told the story on himself. As West, he opened two no-trump and heard a Stayman three-club response. He would have bid three diamonds to deny majors, but South made that bid

first. East's penalty double ended the auction. East-West can make seven clubs.

West had to decide which ace to lead. If he had chosen a black ace and continued, South would have made just five trump tricks and lost 1,100. The heart ace would have helped South, but the penalty would be 500, whether the next lead was a black suit or a heart.

But Ross led the diamond ace, hoping to stop a ruff. He could now have led a black suit, collecting 200, or played the ace and another heart to score two ruffs and 500. But he led his remaining trump. South, Dick Bruno, drew trumps and gave up a heart

trick, scoring 670. Ross's result was 2,810 below bidding and making seven clubs.

NORTH			
♠	10 9 8 5 4		
♥	3 8 6 3		
♦	5		
♣	J 9 4		
WEST (D)			
♠	A Q 7	♥	K J 8 3
♥	A 9 2	♦	7 5
♦	A 4	♣	J 8 7 2
♣	A Q 10 8 7	♦	K 6 3 2
SOUTH			
♠	2		
♥	K Q 10 7 3		
♦	K Q 10 9 6 3		
♣	2		

Both sides were vulnerable. The bidding:

West: 2NT Pass 3♣ 3♦

Pass Pass Dbl. Pass

Pass Pass

West led the diamond ace.

THE FREQUENT TRAVELER

Guides to London Food and Beer

By Roger Collis
International Herald Tribune

LONDON has come to rival Paris and New York as one of the great eating capitals of the world, with more than 8,500 restaurants and 70 different kinds of cuisine. You don't have to go into the grandest restaurants to eat well. But straying into the wrong places can lead to some diabolical (and wallet-threatening) experiences.

Help is at hand with the publication this month of "The Rough Guide to London Restaurants" by Charles Campion (£6.99, about \$11) — a pocket-size guide that devotes a page to 320 eateries where you can eat well for £35 a person, or less. In some haute cuisine restaurants that may mean keeping to the set lunch while in some bargain ones it might cover a slap-up meal for four.

The guide divides London into five sections (Central; City and East; North; South; West), then breaks these down by neighborhoods, with restaurants arranged alphabetically in each section and maps for getting there. There is an index of restaurants by cuisine along with a list of Campion's favorites.

There are 30 guide books to London restaurants," Campion says, "but they are all divided up by cuisine, which assumes that this is your first criterion when choosing a place to eat. It shouldn't be. That's why I split London into villages. If you're meeting friends in Camden your best bet might be Greek or Spanish; in Brick Lane or Southall they might be Indian. You don't say, I need Turkish, I'm going to go across London to Stoke Newington. It's the other way round. But you want to know about that oddball great restaurant, too: whether it's a star like Chez Bruce in Wandsworth or a brilliant restaurant-pub like the Anglesea Arms in Hammersmith. This is a personal selection, not a reference book. I would be very happy for you to take me to dinner at any of them."

Campion gives a spread of prices for each restaurant. The bottom figure is "what you can get away with as a real

cheapskate" and the top figure is what it would cost "for a bit of a blow-out."

"The difference in cost can be immense," Campion says. "I didn't want to include any place where you couldn't go and have something to eat and a glass of wine for £35 per person."

If you haven't tried Coniston Bluebird Bitter, Goff's Joust or Rooster Scotch, or compared a Flying Herbert ("pleasantly hoppy") with London Pride ("an award-winning bitter with a good malty base"), then you need "The Good Beer Guide 1999," published by CAMRA (The Campaign for Real Ale).

These are among the champion beers featured in the 26th year of this classic publication, which lists around 5,000 pubs serving real ale — cask-conditioned (meaning unpasteurized) draft beer, served without gas pressure by a handpump at room temperature (well, O.K., warm) along with details of 600 breweries big and small and the 2,700 beers they produce.

The second edition of "Room at the Inn," by Jill Adam, published this month, is a guide to good value bed-and-breakfast accommodation at British pubs, also published by CAMRA. Among the criteria for inclusion is that pubs serve a decent selection of real ale. More than 500 inns in England, Scotland and Wales are listed with bed-and-breakfast prices from £15 to more than £45 a person (all rigorously recommended by local CAMRA members and inspected by the author).

When you're staying in a pub you have every excuse to wrap yourself around a Big Breakfast. Local treats include the Full Welsh Breakfast of bacon, tomatoes, wild boar or venison sausage, black pudding, fried eggs, mushrooms, liver bread and cockles. And there are pubs where you can wake up to fine fish — without which no Victorian breakfast was complete. The Dog Inn at Over Peover in Cheshire, for example, serves a choice of grilled Manx kippers (two) or poached haddock. At the Clytha Arms in Gwent, Wales, you can enjoy smoked sea trout with poached eggs for breakfast along with leek and laver bread rissoles.

"Room at the Inn" (£8.99) and "The Good Beer Guide 1999" (£10.99) are available at British bookshops or from CAMRA (44-1727) 867-201.

An American Express "Business Travel Barometer" survey of 270 corporate travelers at the Business Travel '99 exhibition in London revealed:

• Ninety-eight percent believe that "mobile working" — doing the job back in the office as well as on the road — is important for company productivity. Seventy-five percent say e-mail is vital for staying in touch (a third access their e-mail three or more times a day), compared with 32 percent who rely on mobile phones. Only 26 percent work during a flight (2 percent use on-board telephones), and 54 percent prefer to relax in the air. But working at the airport has become more popular — 34 percent would like virtual offices and workstations, 16 percent would like meeting rooms and 9 percent would appreciate video-conferencing facilities.

• Eighty-four percent look forward to using self-booking technology to make their own travel arrangements. A quarter predict that self-booking will be the most important technology in the next year; 55 percent say the Internet will be the most important new technology in the next century and 13 percent believe that "smart cards" will change the face of corporate travel.

• Sixty percent say speed is most important when checking-in for flights — 14 percent would like a separate check-in for business travelers. Wasted time at airports is a major frustration. A third complain about having to check-in early and 26 percent complain about flight delays.

• Forty percent have used no-frills airlines in the last 12 months and 56 percent plan to use them again soon.

• Forty-three percent choose a hotel on quality of service, compared with 14 percent who believe that cost is crucial.

Roger Collis can be reached by fax at (33-4) 93-74-77-92.

ARTS GUIDE

AUSTRIA

VIENNA
Kunsthistorisches Museum, tel: (1) 525-240, closed Mondays. To May 2: "Barbarian Jewelry and Roman Gold: The Salsburg Treasure." A display of gold objects excavated in Romania (then Hungary) in 1797 and 1889, that testify to the relations between the Romans and the eastern Teutons during the 4th and 5th centuries.

CANADA

MONTREAL
Montreal Museum of Fine Arts, tel: (514) 285-1600, closed Mondays. To June 13: "India: A Celebration of Independence, 1947-1997." Commemorating the 50th anniversary of India's independence, the exhibition consists of 240 photographs taken in India by Indian and Western photographers during the past 50 years. Works by Henri Cartier-Bresson, Margaret Bourke-White, Raghu Rai, Swapan Parashar and Dayanita Singh document Indian events and personalities from the independence to the present. The exhibition will travel to Chicago. www.mfa.qc.ca

FRANCE

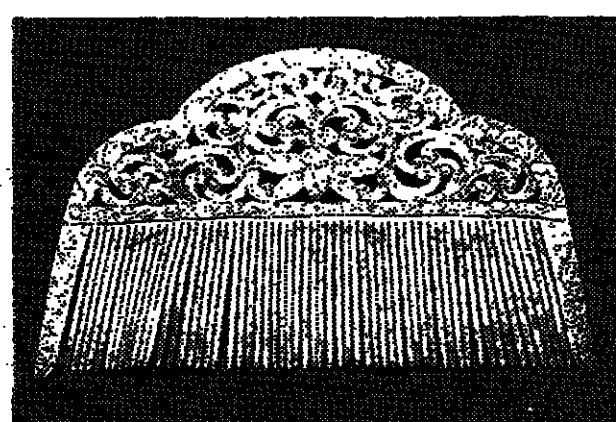
PARIS
Galerie Nationale du Grand Palais, tel: 01-44-13-17-17, closed Tuesdays and May 1. To July 12: "L'Art Egyptien au Temps des Pyramides." Documents the arts of the Old Kingdom (c. 2700-2000 B.C.), when the pyramids were built, the temples were decorated with colored reliefs and the tombs were filled with furniture, jewelry and crafted objects. The exhibition will travel to New York and Toronto.

GERMANY

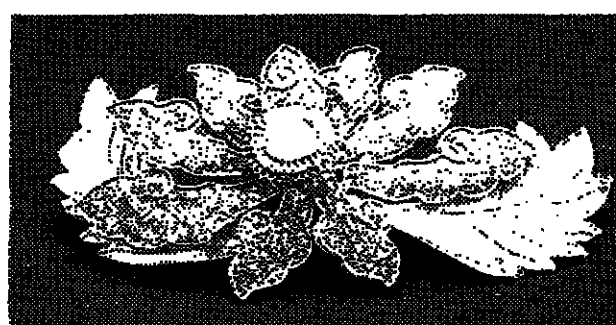
TUEBINGEN
Kunsthalle, tel: (7071) 9891-0, closed Mondays. To June 27: "Wassily Kandinsky: Paintings, Watercolors, Drawings, 1904-1944." On loan from the Centre Georges Pompidou in Paris, a selection of more than 120 works created by Kandinsky (1866-1944), mainly after 1910. www.kunsthalle-tuebingen.de

HONG KONG

University Museum and Art Gallery, tel: 2375-5600, closed Sundays. To July 4: "Adornment of the Body and Soul: Ancient Chinese Ornaments from the Mengdiexuan



A gilded silver comb from the Tang Dynasty and a Ming headdress ornament, also silver, in Hong Kong.



Collection." A selection of about 250 personal ornaments dating from the Warring States to the Ming period and made of bronze, bone, gold, silver, jade, agate, amber and other semi-precious stones. www.hku.hk

JAPAN

KYOTO
National Museum of Modern Art, tel: (75) 781-4111, closed Mondays. To June 6: "Visions of the Body: Fashion or Invisible Corset." Explores the relationship between fashion and the status of women in society. www.momak.go.jp

ITALY

BOLOGNA
Galleria d'Arte Moderna, tel: (051) 50-28-59, closed Mondays. To Aug. 29: "Anselm Kiefer: Stille Cadenti." More than 30 recent paintings, lead sculptures, books and installations. The German artist (born 1945) portrays the leading figures of German history and culture, landscapes that have been destroyed by war as well as natural scenery, pyramids and starry skies, depicting a world where nature, culture, history and myths coexist. www.galleriadartemoderna.bo.it

FLORENCE
Palazzo Strozzi, tel: (55) 21-52-71, open daily. Continuing To July 4: "Arte Sublime nell'Antico Egitto." A loan of statues and artifacts from the Egyptian Museum in Cairo. They document the evolution of art from the Old Kingdom,

2,500 years before Christ, to the New Kingdom and the arrival of Greek civilization and culture.

SINGAPORE

ASIA
April 11: "The Cobra Movement: 50 Years." Hong Kong Museum of Art, in Kowloon, Hong Kong.
EUROPE
April 11: "Patrick Caulfield." Hayward Gallery, London.
April 11: "Zang Tumb Tumb: The Futurist Graphic Revolution." Estorick Collection of Modern Italian Art, London.
April 11: "Francis Picabia: Les Nus et la Methode." Petit Palais, Geneva.
SUMMER FESTIVALS
TEL AVIV, ISRAEL
The Festival International Musical Festival, tel: (972-3) 695-73-81, fax: 695-8099, May 10-15: Hosted by the Tel Aviv Museum of Art, the festival opens with a five-pianist marathon with music by Chopin, Paderewski, Szymanowski and Villa-Lobos; features appearances by the pianist Louis Lortie and the Israeli Sinfonietta Beer Shava and recitals by the soprano Kanta Matila and Alison Pearce, who also gives three master classes. www.blumental-festival.org
Compiled by Elisabeth Hopkins

NEW... and from Europe, Africa, Asia, the Americas... with... the new... 1998 World... The... GSM... Ericsson... **ERICSSON**



I wonder
if people

Yes! We've added over
200 new flights every week!

We've put on so many new daily connecting flights via our
friendly Zurich hub that it's not just people that we're
bringing closer, but the whole world. Swissair. We care.

The Quality Group

swissair



Using the Power / Vastly Increased Assets

Air Raid Bewilders Montenegro

NATO Missiles Stir a Political Reaction in Serbia's Reluctant Ally

By Blaine Harden
Los Angeles Times Staff Writer

PODGORICA, Montenegro — After a week in which Montenegro was spared air attacks, NATO aircraft have fired on a Yugoslav Army missile battery in this small Yugoslav republic.

The attack came after a Yugoslav missile was launched at NATO planes flying over the mountainous republic on their way to bomb targets in neighboring Kosovo, according to a State Department official in Washington.

Officials in the pro-Western Montenegrin government agreed with Washington's version of events, saying that NATO had hit four military targets near the capital Tuesday night, causing no civilian casualties and no significant damage to civilian property.

The officials said NATO planes had launched the missiles and bombs after they came under anti-aircraft fire.

The Yugoslav 2d Army in Montenegro, which is loyal to the regime of the President Slobodan Milosevic and has about 12,000 troops here, announced that NATO's missiles and bombs had aimed at civilian targets in the city.

The twisted metal remains of what appeared, by its English language markings, to be a NATO missile were seen by Western reporters in a residential neighborhood in the center of Podgorica. An explosion there broke a few windows but caused no other damage.

The army did not provide information on any damage to its facilities, but a State Department official said a Yugoslav missile launcher had been destroyed.

Attacks on Montenegro have caused severe political problems for President Milo Djukanovic, who was elected in 1997 by promising voters that a turn to

the West would bring Montenegro peace and wealth.

This poor mountainous republic, with a population of about 640,000, is in the split between those who support Mr. Djukanovic's shift to the West and those who believe that Montenegrins should be loyal to their Serbian Orthodox brothers and support the Milosevic government in Belgrade.

NATO bombings seem to have tipped the balance in opinion balance, for the moment at least, against Mr. Djukanovic. He and his ministers have been on the defensive for the last two weeks. After a meeting last Friday with army generals, government officials here agreed to major changes in state and private television coverage of the war in Kosovo. They issued orders that have eliminated nearly all rebroadcasts of reports from CNN and other Western news networks.

The bombings have also revived the pro-Milosevic Socialist People's Party, which was soundly beaten last year in parliamentary elections. The party on Wednesday night staged its fourth consecutive pro-army, anti-NATO concert here.

After the concert, several thousand noisy supporters of the pro-Milosevic party, many of them waving a vulgar, fictional obituary of Secretary of State Madeleine Albright, marched from the city's central square toward nearby government buildings.

The crowd broke up peacefully before reaching the government center.

Robert Gelbard, the U.S. special envoy to the former Yugoslavia, said from Washington in a phone interview, that the Clinton administration was in regular contact with Mr. Djukanovic, explaining

to him why the NATO attacks have occurred against targets in Montenegro and reassuring him of U.S. support.

"From the very beginning of this campaign, we knew and we let Djukanovic know, that there were certain minimal military targets that we were going to have to hit in Montenegro, and he was well aware of it," Mr. Gelbard said. "The only time that we have actually targeted ground installations in Montenegro was on the first and second day of the campaign."

Mr. Gelbard added that he told Mr. Djukanovic on several occasions, including a telephone conversation Wednesday, that while there were no more sites in Montenegro on the NATO target list, if missiles were fired at aircraft or if the planes were caught in Yugoslav anti-aircraft radar, NATO would react.

In an interview Sunday night, Mr. Djukanovic said he had argued for months with the Americans that a bombing attack on Yugoslavia would weaken his government and raise the willingness of pro-Milosevic forces here to try to stage a coup. Mr. Djukanovic was highly critical of Mr. Milosevic in the interview, but stopped short of declaring that he wanted Montenegro to secede from Yugoslavia.

Political analysts here say that the bombing has strengthened support for Mr. Milosevic and that any secession, on secession would fail by an overwhelming margin.

The government of Montenegro, in sharp contrast with the authorities in Belgrade, has welcomed foreign journalists. But the welcome ends when reporters come across members of the Yugoslav Army. Those troops have detained at least six television crews in the last two weeks.

NATO Commander Asks Allies for More Air Power

By Steven Lee Myers
and Michael R. Gordon
Los Angeles Times Staff Writers

BRUSSELS — NATO's senior military commander, General Wesley Clark, wants significantly more American and allied warplanes to intensify the alliance's attack on Yugoslavia, and the Pentagon has assured him he will get whatever he needs.

With the allies continuing to rule out ground forces and engaged in a military operation tougher than expected, General Clark has been forced to seek still more air power and employ new tactics. These have included stepped-up patrols over Kosovo, luring the Serbs out of their hiding places so they can be bombed and low-level attacks.

As the third week of bombing began, General Clark said he was considering several options to further expand the alliance's striking power, but declined to disclose details.

A senior NATO official said the general wanted "vastly increased assets" over the 600 aircraft already involved. A major aim would be to improve NATO's ability to bomb Yugoslav armored forces in Kosovo.

Secretary of Defense William Cohen, who met with General Clark on Wednesday at the general's headquarters near Brussels, said the Pentagon would provide whatever forces the commander needs.

"Whatever General Clark feels he needs to carry out this campaign successfully, he will receive," Mr. Cohen said.

Since the raids began on March 24, the United States and its allies have steadily increased the number of aircraft involved in the attack.

After the Yugoslav military surprised NATO by launching a brutal campaign to evict ethnic Albanians from Kosovo, the number of warplanes grew from 430 to more than 800, including 75 combat and support aircraft on the aircraft carrier Theodore Roosevelt, which joined the raids on Tuesday.

On Wednesday night, NATO flew 430 bombing, fighting and support missions, the largest number since the campaign began. The planes pounded command posts, fuel depots, air defenses and, according to a NATO military spokesman, scored its first major "breakthrough" against Serbian forces in the field.

That occurred when a patrol of British Harrier jets caught a Serbian armored column on the move north of Pristina and attacked it with cluster munitions. A NATO spokesman, Commodore David Wilby, said that some of the seven to 12

vehicles in that column were damaged or destroyed.

But the spokesman acknowledged that other attempts to bomb Serb columns were not successful.

Both sides, however, appear to be preparing for a long and grueling fight. Yugoslavia's strategy is to ride out the allied air strikes in the hope that NATO's unity will crack. On Wednesday, Western military officials said the Serbs are continuing to hunker down and hide their tanks and heavy weapons in churches, forests and near civilian buildings.

The alliance has sought to counter the Serbs by employing new tactics. One approach, an allied military officer said, has been to maximum the element of surprise.

Serb forces, for example, had become accustomed to leaving their hiding places soon after allied military planes pass overhead, trying to take advantage of gaps in the allied patrols to attack the ethnic Albanians.

So NATO warplanes have been changing the timing of their combat flights to make them less predictable. Sometimes planes have been sent soaring over Serb positions with other allied aircraft flying close behind. NATO has also stepped up its daytime patrols, hoping to catch Serb columns on the move.

"We have ramped up operations," Commodore Wilby said Wednesday. "We are keeping aircraft over the area as long as possible."

British Harriers, for example, are no longer attacking in groups of six aircraft. Instead, they are attacking in pairs, which maximizes the time they can loiter over the battlefield.

The French, too, have stepped up their low-level attacks, using Jaguar and Super-Etendard aircraft. Even with better weather and new tactics, General Clark made it clear that Yugoslavia's military remained a potent enemy that required still more firepower.

"Yugoslavia has a very, very significant military infrastructure and a full array of military forces, with alternate and secondary positions, with storage depots, very well concealed and dispersed," he said. "There are many, many targets that have not been struck. We know where they are. We're coming after them."

At General Clark's request, the United States has already dispatched another dozen F-117 Stealth fighters and five B-1 bombers.

The Pentagon has also approved the deployment of 24 Apache helicopter gunships to Albania, although officials said it could take a week or longer to send them.

Kosovar Rebels Reported Aiding Allied Air Strikes

By the Associated Press

PARIS — French radio journalists reporting from areas in Kosovo that are held by separatist fighters said Thursday that the rebels were in contact with NATO and providing information to help allied air strikes.

"The KLA is still operational," said Nicolas Poincaré on France Inter radio, referring to the Kosovo Liberation Army. He reported that he was in a valley surrounded by high snow-capped mountains where the ethnic Albanian fighters appeared to be in control.

"There are no cars, no electricity, the soldiers travel on horseback," he said from a rebel command post.

The young officer in charge claimed that although the rebels had lost ground to Serbian forces in the past week, they still controlled 40 percent of the province, he said.

He quoted the commanding officer as saying that the North Atlantic Treaty Organization strikes were helping the rebels to survive against Serbian attack, especially by destroying bridges that reduced the enemy's mobility.

"The KLA is in contact with NATO and indicates which targets to strike, especially bridges," Mr. Poincaré said.

Four journalists representing RTL radio, Radio France, the newspaper Le Monde and Radio France Internationale entered Western Kosovo overnight Wednesday accompanied by members of the Kosovo Liberation Army.

Most journalists were forced to leave Kosovo at the start of the NATO air campaign, and the French radio and print journalists were among the few who had managed to return.

Thomas Legend of RTL radio also reported that the guerrilla fighters were in contact with the allies. He said the rebels needed extra weapons and that fighters he had seen mainly had outdated light arms.

"The Serbs are having great difficulty to get from one point to another since the beginning of the conflict," the RTL radio reporter said, quoting an unnamed rebel commander.

Another journalist, Frank Bernouyer, told Europe 1 that he had reached a rebel-held area where three villages were resisting Serbian forces and where no homes had been burned down. (AFP AP)

Civilian Sites Also Hit as Bombs Rain on Pristina

By Paul Watson
Los Angeles Times Staff Writer

PRISTINA, Yugoslavia — NATO did not discriminate between ethnic groups when its air strikes killed at least 10 civilians and injured 15 in the center of Kosovo's capital.

A family of five ethnic Turks, three of them children, died Wednesday morning when NATO rockets blasted one of Pristina's oldest neighborhoods, reducing several houses to burning rubble.

A Serbian neighbor, three Serbian men working at a nearby post office and telephone exchange and an elderly Serbian man were also killed in the attack, residents said in interviews.

On the heaviest night of bombing here since the North Atlantic Treaty Organization first attacked Yugoslavia two weeks ago, a wave of bombers struck central Pristina just past midnight.

An ethnic Albanian couple were en-

ing bread amid shattered glass in their small, dark kitchen Wednesday afternoon as the last flames burned through their next-door neighbor's house.

They were dazed, bloodied and fighting back tears as they wondered what had become of the people next door.

The couple, ages 64 and 77, were too frightened to give their names because they had fought the blaze themselves with a garden hose while the Serbian fire brigade concentrated on other buildings. But as they led a foreign journalist through the ruins, they left no doubt who they blamed.

"I will send the bill to Mr. Clinton," said the man, a retired professor. He gestured at the smoldering destruction that surrounded him. "He has to pay for all of this. We are not soldiers. We are civilians."

The attack was concentrated on several government buildings nearby: the headquarters for the Provincial Executive Council, the national bank tower,

the social security administration and a post office.

All suffered heavy damage from several bombs or missiles, but the six-story Provincial Executive Council building where Kosovo's top Serbian official, Zoran Djindjic, had his offices suffered the hardest hit.

The shock wave from the bombs was so powerful that it snapped dozens of limbs from trees and smashed plate glass windows in shops and restaurants hundreds of yards away.

The raids also knocked out the water supply in central Pristina and blew up a fuel storage site north of the city at Devet Lugovica, setting off a huge fire that spewed black smoke hundreds of yards into the sky.

In what appeared to be an attack on large fuel tanks near Pristina's railway station, a bomb hit a nearby Orthodox Christian cemetery and blew a crater about six meters deep, and 14 graves were where several Serbs' graves used to be.

هكذا من الأصل

57% in U.S. Poll Back Use of Troops

Support Grows A

11 *Procedural*

In France, half of the respondents to a CSA opinion poll conducted Tuesday and Wednesday for the French daily newspaper *Le Parisien* said they approved of the missile strikes and bombings, up from 40 percent in the last survey, conducted March 26-27.

"It all brings back memories of decades ago," she said. "To see those people leave their homes with nothing—no clothes, no papers. Especially the

leave Germany for Ankara and Macedonia. The Spanish Red Cross has sent four trucks and a plane carrying food and medical supplies to Albania, enough to help 50,000 refugees. In Italy, so many donations have poured in that the Red Cross has asked that contributions of food, clothing and bedding be suspended because there is no more room to store them.

"Italians have been incredible," said Lucia Allegra, a spokesman for the Red Cross, which, along with the city of Rome and Caritas, the largest Roman

A majority of Americans support Mr. Clinton's policy in the conflict, the poll shows, with 52 percent expressing approval, 36 percent voicing disapproval and 11 percent unsure. But fewer than a third of the 811 adults interviewed by phone Monday and Tuesday said they thought the current bombing campaign against Mr. Milosevic's forces would stop "ethnic cleansing" in Kosovo.

Influenced by images of thousands of Kosovars fleeing their homes, the poll showed 58 percent of respondents were in favor of granting them refuge in France.

A high-contrast, black and white close-up photograph of a person's face. The image is heavily shadowed, with the eye and mouth area brightly lit against a dark background. The eye is looking directly at the camera, and the mouth is slightly open, showing teeth. The overall effect is dramatic and intense.



هكذا من الأصل

Jobless Rate Falls a Bit In Germany

But Data Cast Doubt On Hope for More Drops

Compiled by Our Staff From Dispatches

NUREMBERG — German unemployment fell in March by 3,000 from the previous month, to a seasonally adjusted 4.07 million, according to official data released Thursday.

But the Federal Labor Office, forecasting a similar development in April, said any improvement was largely seasonal and that Germany's weak economic growth was holding back any significant change in the highest unemployment since the 1930s.

In an effort to stimulate sluggish economies in the European single-currency zone, of which Germany is a part, the European Central Bank reduced its benchmark interest rate Thursday by half a percentage point, to 2.5 percent. The larger-than-expected cut was the first reduction since the euro was introduced in January. The Bank of England also lowered interest rates after growth in Europe's third-largest economy virtually ground to a halt.

Lower borrowing costs could lift consumer and corporate spending and may lead to weaker European currencies, making exports more competitive, economists say.

The German unemployment rate, which is based on unadjusted data, fell to 11.1 percent, compared with 11.6 percent in February. On a seasonally adjusted basis, unemployment remained steady at 10.5 percent.

Casting doubt on future improvement in the job market, meanwhile, was a Finance Ministry report that new orders in the manufacturing industry fell a larger-than-expected 1.7 percent in February. Orders have fallen seven out of the past eight months alongside slumping business confidence.

"The short-term outlook remains bleak," said Gerlof de Vrij, an analyst at ABN-AMRO Bank NV in Amsterdam.

Helping reduce the drag of slowing economic growth on Germany's jobs market were mild weather and government-sponsored job creation programs. Unemployment numbers are also shrinking because the total work force is declining, a result of the aging of Germany's population, the labor office said.

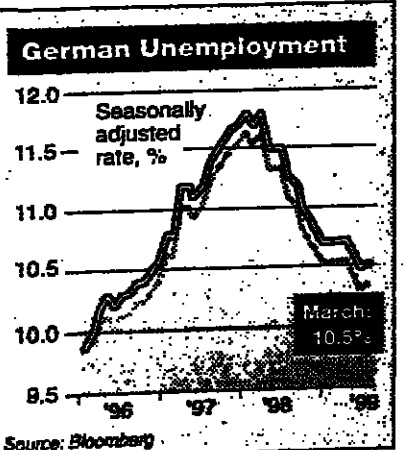
The drop in unemployment "was predominantly a result of seasonal influences," said Bernhard Jagoda, the president of the German Labor Office. "The weakness of the economy at the moment won't allow much more than that."

Unemployment declined by 6,000 in Western Germany and rose by 3,000 in the five Eastern states, which account for a tenth of Germany's total economic output. Without taking seasonal changes into account, the total of unemployed in Germany declined to 4.29 million people from 4.46 million in February.

Business confidence in Germany and France, Europe's two biggest economies, has dropped to its lowest level in two and a half years as a result of weakening exports. The chief economist of the ECB, Oskar Issing, said last week that growth in the euro zone was "weakening significantly."

In Germany, manufacturers from DSM NV, a chemicals company, to Tarkett Sommer AG, the world's biggest hardwood flooring maker, have said that slowing growth in Europe and key export markets has reduced demand and put pressure on prices, prompting them to shed jobs.

The European Union last week cut its forecast for growth in Germany this year to 1.7 percent from 2.2 percent. Germany's economy expanded 2.8 percent in 1998. (Reuters, Bloomberg)



WALL STREET WATCH

Internet Blinds Investors

Stunning Returns Make Many Forget Basics

By Ianthe Jeanne Dugan
Washington Post Service

WASHINGTON — Jerry McCarthy, 72, has never used the Internet. He does not even own a computer. But after hearing that his 10-year-old grandson had plotted a family trip from New Hampshire to Alaska on-line, he shifted his individual retirement account into a mutual fund devoted to Internet companies.

"This Internet thing is going to change the world," said Mr. McCarthy, who recently sold his insurance business in Nashua, New Hampshire. "I'm in."

Over the years, Mr. McCarthy has picked many of his own stocks, such as Coca-Cola Co. and General Electric Co. But he was stumped over how to measure companies being fueled by the Internet. So he invested \$25,000 in Monument Internet Fund, managed by Monument Funds Group.

The investment, so far, has paid off. The obscure fund, with \$14.5 million in assets, was the third-best-performing stock fund in the United States in

the first quarter, with a 92 percent return to shareholders, according to Lipper Analytical Services Inc., a New York-based firm that tracks mutual funds. Just ahead of it, in second place, was Internet Fund, a much bigger New York upstart run by a staff of two, which returned 93 percent.

No. 12, with a 54 percent return, is Munder Capital Management's Net-Net fund, which in just one year has grown from \$6 million in assets to \$1.4 billion. Its star holding is Sun Microsystems Inc.

Also among the top 25 performers was WWW Internet Fund, which in the last quarter returned 35 percent to shareholders in three portfolio sectors — adolescent (America Online Inc. and Amazon.com), midlife (Adobe Systems Inc. and Cisco Systems Inc.) and mature (Compaq Computer Corp., Intel Corp., Microsoft Corp. and Sun).

"If all of us could look back two years and invest, we'd invest in Internet stocks," said Paul Cook of Munder Capital. "Maybe in five years, we'll look back and say now was the right time."

See STOCKS, Page 16



'If all of us could look back two years and invest, we'd invest in Internet stocks,' said Paul Cook of Munder Capital. 'Maybe in five years, we'll look back and say now was the right time.'

A Hot Quarter for Internet Funds				
Fund	Assets	1997 Return	1998 Return	1999 1st quarter
Monument Internet	\$1.4 billion	36.4%	97.9%	54%
WWW Internet	\$300 million	12.7%	196.1%	93%
Net-Net	\$20.7 million	0.5%	70.5%	35%
Monument Fund	\$14.5 million			92%

Source: Lipper Analytical Services, Morningstar, Bloomberg News, Monument Fund

Stock Soars on Cyber Hoax

Fake Takeover Report on the Web Lures Investors

By Edward Wyatt
New York Times Service

NEW YORK — One of the oldest frauds on Wall Street has been updated for the Internet age.

Using a personal Web site intended to look like an Internet page of Bloomberg News, someone posted a fake news story early Wednesday that said an American technology company called PairGain Technologies Inc. was being taken over by an Israeli rival for a hefty price.

The report spread to a Yahoo message board and then to other sites frequented by stock traders, who quickly bid up PairGain's stock by more than 30 percent.

By midday, the stock retreated as the takeover story was debunked, but it finished the day as the 12th-most heavily traded on Nasdaq, ahead of such popular shares as Amazon.com Inc. and E*Trade Group Inc.

The hoax, which is already under investigation by the Securities and Exchange Commission and the Nasdaq Stock Market, shows the startling power of Internet chat rooms and day traders.

Investors who were duped into buying shares at the temporarily inflated price have suffered at least paper losses, although it could be weeks before regulators are able to sort out who was trading.

Bloomberg said the report was not from one of its reporters, and the

prankster was not immediately identified. PairGain, a maker of telecommunications equipment in Tustin, California, and its alleged suitor, ECI Telecom Ltd., denied that they were in merger talks.

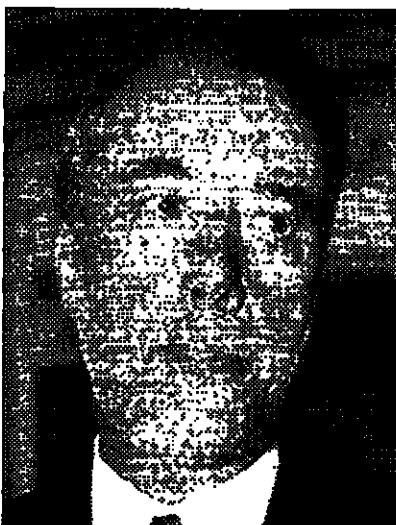
False rumors about a company have percolated as long as there have been markets, and prank announcements of takeovers have occurred during times of intense interest in the stock market, such as the late 1980s.

But analysts said that the false PairGain story, which made generous use of the scrolling text, Web links and icons familiar to Internet users, is one of the most technologically sophisticated examples of such fraud in years.

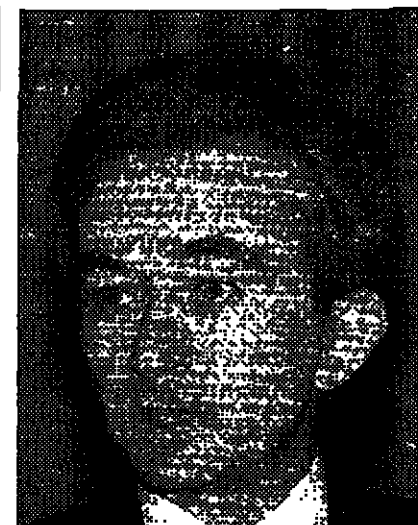
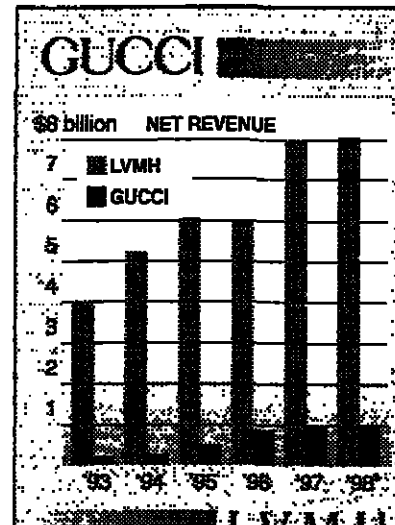
The fraud was well orchestrated. The posting appeared on the Internet just half an hour before trading began on the Nasdaq market, leaving little time for anyone to check with the companies but enough for investors to place orders to buy shares.

Once trading began, PairGain shares rose sharply on heavy volume, peaking at \$11.25. At the end of Wednesday, PairGain was priced at \$9.375, up 10 percent from \$8.50 on Tuesday. And 13.69 million shares changed hands in one day, roughly 13 times the average daily volume.

The stock began to retreat as Internet investors questioned the veracity of the takeover report and fell further after PairGain and ECI denied that they had reached a deal or were even in talks.



Domenico De Sole, chairman of Gucci, said the new takeover offer from LVMH "did not make sense."



Bernard Arnault, head of LVMH, which said Thursday that it was up to Gucci to make a counter to its bid.

Gucci Spurns a Sweetened Offer, Threatening the End for LVMH Bid

By Alan Friedman
International Herald Tribune

ROME — The long-running hostile takeover bid by LVMH Moët Hennessy Louis Vuitton SA, Europe's leading luxury-goods maker, for Gucci Group NV, the Italian fashion group, suffered a sharp and possibly fatal setback Thursday when the Gucci board rejected a sweetened \$8.67 billion offer from LVMH.

Further darkening LVMH's prospects, a key institutional shareholder announced that it was siding with the Italian company.

Domenico De Sole, chairman of Gucci, said in an interview Thursday that the company's board had decided at a meeting in London that the LVMH offer was "highly conditional and did not make sense."

In Paris, LVMH said in a statement that it had been informed "that Gucci Group NV has rejected LVMH's proposed public offer for Gucci. No further discussions between the parties are currently contemplated."

But James Lieber, senior vice president of LVMH, said in an interview Thursday: "We made a proposal that Gucci has rejected. They indicated to us that they rejected the proposal because they refused the condition we put in it,

and they also said the \$85 price was inadequate. We said if you don't like the conditions, make us an alternative proposal. So we have not shut the door."

LVMH said it had proposed to Gucci two different takeover proposals, both with the condition that Gucci re-examine the shareholding alliance it forged last month with Pinault-Printemps-Redoute SA. The French company, brought in as a white-knight ally to aid Gucci, now owns about 42 percent of Gucci.

The new LVMH offers, which would have sweetened the bid from \$81 a share to either \$85 or \$91 a share, depending on whether Gucci were to agree to issue new shares to dilute Pinault's stake or to cancel the deal last month that enabled Pinault to buy into the Italian company.

Mr. Lieber said that prior to taking any further action, LVMH would await the outcome of a court hearing in Amsterdam April 22. The court will consider an allegation by LVMH that Gucci has been mismanaged. In particular, LVMH, whose bid has been spearheaded by its chairman, Bernard Arnault, has alleged that Gucci was guilty of mismanagement when it acted last month to sell 42 stock to Pinault.

Mr. De Sole said, "We recognize our duties to the shareholders, and we would be ready to have discussions if we receive a real offer, an unconditional offer."

In Milan, meanwhile, the managing director of the Italian subsidiary of Templeton Funds disclosed that Templeton, which owns more than 6 percent of Gucci stock, would side with Mr. De Sole and the Gucci management.

"We are very pleased with the management of Mr. De Sole," said Paolo Catalfamo, managing director of Templeton Italia. "We totally support the board's choice. We think LVMH was trying to get control of the company without considering institutional and small shareholders."

Gucci shares, which rose early in the day, ended at 71.75 euros (\$77.58), down 1.35, in Amsterdam. In New York, Gucci was at \$78.5625 in late trading, up 56.25 cents. LVMH shares finished in Paris at 232 euros, up 4.40.

Since Pinault, with 42 percent, is an ally of the Gucci management, which is believed itself to hold more than 4 percent of Gucci stock, the Templeton position appears to mean that shareholders speaking for more than 50 percent of Gucci are opposed to the LVMH bid.

"The Gucci board was very disappointed," said Mr. De Sole. "To find out that they received once again a conditional offer. The offer we received was \$85 a share, but subject to a condition that the board of directors cannot accept, giving control of the company to LVMH."

Bank of England Cuts Interest Rate

LONDON — The Bank of England cut the key British interest rate Thursday by 0.25 percentage point, to 5.25 percent, its lowest level since September 1994, in the hope of providing support to the country's nascent economic recovery.

The move preceded the European Central Bank's cut of its key refinancing rate from 3.0 percent to 2.50 percent, which took place later in the day.

The pound rose after the move on optimism about growth prospects for Britain.

"The cut is positive for the pound because anything that improves prospects for growth is supportive for sterling," said David Coleman, chief economist at CIBC World Markets.

The cut had been widely expected by financial markets, and it followed reductions in six of the past seven months,

from a peak of 7.50 percent last year.

The only pause was a month ago, just before Gordon Brown, the chancellor of the Exchequer, announced the annual budget. The Bank of England's so-called repo rate is now a full point below the level at which the bank was handed responsibility for rates by the incoming Labour government in May 1997.

Commercial banks immediately followed the Bank of England's lead, meaning further relief to homeowners but another cut in income for savers.

The Monetary Policy Committee, for the first time, made no statement accompanying the rate-cut announcement.

Economic data out earlier in the week hinted that industrial production was stabilizing, though at low levels, while output and confidence in the country's much larger services sector was picking up, largely because of the recent spate of rate cuts.

Other recent data showed that underlying inflation was at 2.4 percent, below the bank's 2.5 percent target, and that economic growth was barely positive. It was this that tipped the balance for the policy committee, economists said.

The latest rate cut will also cheer Mr. Brown, who has come under criticism in recent months for an overly optimistic growth forecast for this year.

Many forecasters are now revising their 1999 growth forecasts upward, toward Mr. Brown's range of 1 percent to 1.5 percent. "The bank has been in a pro-active, pro-growth mode for the last six months," said Nick Parson, chief currency strategist at Paribas in London. The rate cut, he said, "is just the continuation of this trend."

He added: "It's not necessarily the bottom of the cycle. There could still be more to come." He predicted a rate of 5 percent would finish the easing trend.

China's Output Increases as Building Sites Boom

Compiled by Our Staff From Dispatches

BEIJING — China's industrial output rose in March as cement, steel and glass makers reaped the benefits of increased government spending on roads, bridges and other infrastructure projects, the National Bureau of Statistics said Thursday.

Industrial output, the main indicator of factory activity in the country, rose 9 percent in March from a year earlier to 167 billion yuan (\$20.17 billion).

That is a smaller increase than the 10.6 percent rise registered in January and February from year-earlier levels, but still helped overall first-quarter output to rise 10.1 percent from last year to 447 billion yuan.

Massive construction projects, ranging from highways and railways to telecommunications facilities, have spurred demand for raw materials.

The demand is strong because the government is trying to enlarge domestic demand and increase its investment in infrastructure projects," said Zhang Mingjing, the assistant to the corporate secretary of Anhui Conch Cement Co., adding that more growth was expected.

"Industrial growth is closely related to government investment," said Hu Biliang, Beijing-based economist with Societe Generale, who forecasts full-year growth of 7.8 percent.

The slowdown in production in March may reflect efforts by companies to rein in inventories.

Factories sold 96.34 percent of what they made, up 1.42 percentage points from a year earlier. This was "one of the best results in recent years," the bureau said.

The sales-to-output ratio for the first quarter overall was 94.63 percent, up 0.72 percentage points from a year earlier, the bureau said.

The government said last month that the economy was expected to grow 7 percent

this year, down from 7.8 percent in 1998, the slowest increase since 1990.

Overall growth in the first quarter is expected to be about 8.5 percent, the State Information Center forecast last month.

(Bloomberg, Reuters)

CURRENCY RATES

April 8									
Cross Rates					Other Dollar Values				
	\$	£	¥	CS	DM	Grk	Scd		
London (a)	1.6108	—	2.3707	194.79	2.4226	11.0491	482.51	13.3225	
New York (a)	—	1.4055	1.485	121.15	1.4992	6.8595	302.17	8.2744	
Tokyo	121.35	194.05	81.89	80.94	17.17	N.Q.	14.62		
Toronto	1.50	2.4049	1.0092	1.2354	0.2167	0.4975	0.1802		
Zurich	1.4726	2.3683	—	1.2182	0.9819	21.448	0.4917	0.178	
One euro	1.0818	0.6731	1.5958	130.45	1.6215	7.4322	324.45	8.954	
One SDR	1.3548	0.8483	1.9997	163.60	2.003	9.3309	407.45	11.2145	

Interbank rates excluding commissions.
a To buy one pound, b To buy one dollar. *Per 100 N.Q.: not quoted N.A.: not available.
SDR: Special Drawing Rights of the IMF.
Source: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Banque de France (Paris); ISF (SDR); Other data from Reuters.

April 8									
Euro Values					European Cross Rates				
	£	¥	CS	DM		DM	£	¥	CS
French franc	163.36	1936.26	65.55	6.5555	DM	163.36	1936.26	65.55	6.5555
Italian lire	2036.26	2036.26	2036.26	2036.26	DM	2036.26	2036.26	2036.26	2036.26
Spanish peseta	166.38	166.38	166.38	166.38	DM	166.38	166.38	166.38	166.38

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THE AMERICAS

Market Rides an Updraft From Across the Atlantic

Compiled by the Staff from Dispatches

NEW YORK — U.S. stocks rose to their highest level yet Thursday after the European Central Bank cut interest rates, spurring optimism that faster growth in Europe would bolster sales there for Coca-Cola Co. and other U.S. companies.

Many large U.S. companies "get a lot of their earnings from Europe," said Dirk van Dijk, a money manager with Dean Investment Associates in Dayton, Ohio. "If it does help jump-start European growth, it would mean higher earnings."

The Dow Jones industrial average closed 112.39 points higher at a record 10,197.70, while the broader Standard & Poor's 500 index gained 17.11 points to 1,344. The Nasdaq composite index jumped 28.96 to 2,573.39.

Advancers outpaced declining issues by a 4-to-1 ratio on the New York Stock Exchange, reversing the trend of the past two days.

The ECB cut its benchmark interest rate by half a percentage point, to 4.75 percent.

U.S. STOCKS

lifting stocks and bonds worldwide on expectations that the move would help revive growth. The Bank of England and Swiss National Bank also lowered interest rates Thursday. Lower borrowing costs could bolster consumer and corporate spending.

Coca-Cola, which said March 30 that sales in Germany were partly to blame for an unexpected drop in case sales, gained 1 1/16 to 60 1/2. Minnesota Mining & Man-

ufacturing, which said in January that slow growth in Europe hurt sales in the fourth quarter, rose 3/4 to 71 1/16.

The Morgan Stanley Multinational Index of companies that derive a substantial portion of their profit from outside the United States rose 1.2 percent.

As central bankers try to spark growth in Europe, consumer spending keeps the U.S. economy chugging along. Wal-Mart Stores gained 4 1/4 to 102 1/4, leading the rise in the S&P 500, after the world's largest retailer said same-store sales rose 11 percent.

Union Carbide rose 5 1/2 to 51 1/2, contributing the most to the Dow average's gain, on speculation that the company will be taken over soon, analysts said.

Energy and financial shares gained. Oil industry shares rose, led by Chevron and Smith International, on optimism that the recent crude-oil price rally and strong California refining margins will increase company earnings. Chevron rose 3 13/16 to 93 1/2, adding 17 points to the Dow Jones average. Smith International, an oil-service company, rose 2 9/16 to 38 1/2.

Financial shares rose as investors bought companies with fast earnings growth and lower price-earnings ratios. The shares are "still very cheap relative to other stocks, and they will have very strong near-term earnings," said Bob Finch, a money manager for Aetna Investment Management in Hartford, Connecticut.

American Express advanced 1 5/16 to 127 1/2, Chase Manhattan

rose 3 9/16 to 87 15/16, and Citigroup rose 1 3/16 to 72 1/2.

Despite the market's gains, traders were uneasy about earnings reports, which have started to trickle in. Investors seemed reluctant to make big commitments until they had a better idea about how companies fared in the just-ended quarter. Many companies will begin reporting next week.

Meanwhile, the Labor Department said the number of Americans claiming unemployment benefits rose last week but remained at less than 300,000 for the 10th consecutive week, the longest such stretch in 25 years.

The 30-year Treasury bond climbed 28/32 to 97 3/32, pushing the yield down to 5.44 percent from 5.50 percent. (Bloomberg, AP)

STOCKS: The Internet Craze Is Blinding Many Investors to One of the Cardinal Rules - Diversify

Continued from Page 15

folios managers. "Maybe in five years we'll look back and say now was the right time."

The performance of these Net-divested funds is an extreme demonstration of a trend that has been developing for three years: Investors who pour money into a handful of household names — which now include Internet stocks — are doing well. Funds that are devoted to small and medium-sized companies and seek out undervalued issues, by comparison, have performed poorly. Last year, their average stock lost 20 percent of its value, while the Standard & Poor's index of 500 stocks rose 28 percent.

"The reason most mutual funds are underperforming is that a new industry — an electronic frontier — has developed that is sucking money out of the rest of the market," said David O'Leary, chief executive of Alpha Equity Research. "If you're not in these stocks, you're underperforming."

All told, the 6,200 U.S. stock funds (total assets of \$2.5 trillion) returned a paltry 1.63 percent in the first quarter. Since 1997, however, funds have gained 5.98 percent, while growth funds grew 4.36 percent. Funds that tracked the S&P 500 grew 4.79 percent. Science and technology funds, which include the Internet funds, returned 17.04 percent.

"The foundation of the investment business for years has been diversification, but now investors are asking, 'Why do I need it?'" said Avi Nakman, chief executive of Strategic Insights, a New York mutual fund consulting firm. "We're in

an eerie period in the investment business in which the core value of what the investment industry offers is being challenged."

Even portfolios full of the stocks that drive the Dow Jones industrial average higher, such as General Electric Co. and AT&T Corp., are being humbled by funds that are heavy on the high-tech and Internet stocks that are defying gravity.

As a result, many fund managers are beginning to load up on Internet stocks — and funds devoted to the Internet are proliferating.

Van Kampen has \$1 billion in a unit investment trust devoted to Internet stocks. Fidelity Investment Co. recently launched an ad campaign touting its Select Net Fund, which focuses on computer and software firms, as a safe door to the Internet craze.

"In the next three to six months you're going to see several major companies announce Internet funds, because that's where the cash is going," Mr. O'Leary said. "They're seeing that not only has the Internet bubble blown up, but it's continuing to new highs."

Many analysts said that buying into mutual funds devoted to Internet stocks was highly risky.

"There's more bang for the buck in pure Net funds, but over time, with it being such a volatile area and so many fund managers skeptical, I would tend to steer investors toward more balanced technology funds," said Christine Benz, a senior analyst at Morningstar Inc., which measures fund performance. "If anything, they should invest in tech funds that have only 10 percent to 15 percent in Internet stocks."

Many start-up funds flew off the charts in the first quarter, dwarfing the performance of the biggest and oldest mutual funds. Fidelity Magellan Fund, heavy in AOL, Intel and Cisco, posted a return of 7.01 percent in the first quarter. Just a year ago, that would have been considered healthy. But it does not look good next to Amerindo Technology, which returned 67 percent even without being a pure Internet fund.

"People are getting greedy," said Mark Lapman, a fund manager whose company, Independence Investment Associates, manages \$30 billion for John Hancock Mutual Life Insurance Co. He saw the performance of Hancock's portfolio turn from leader to laggard once the S&P 500 added AOL and the index took off.

Mr. Lapman did add more AOL

to counterbalance the fund, following a path into Internet stocks that is being blazed by more and more portfolio managers.

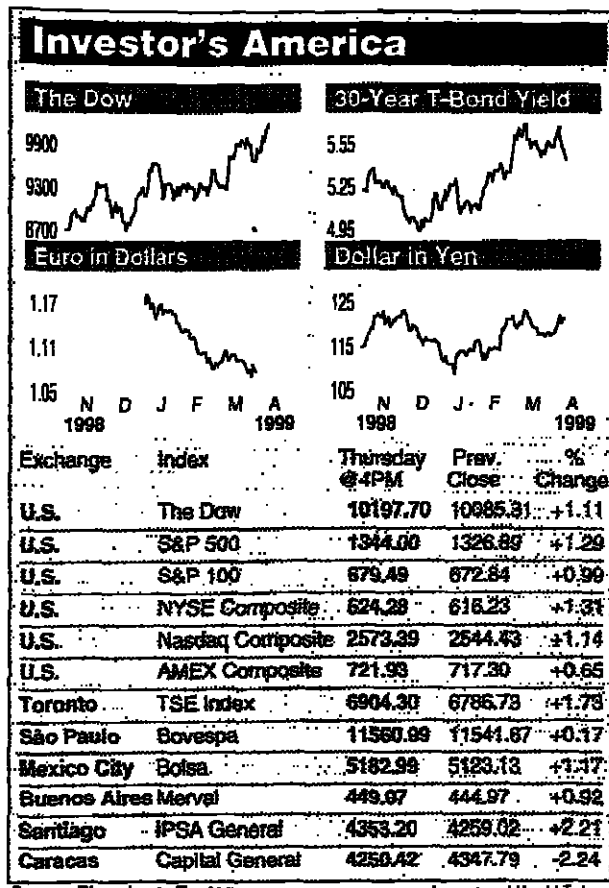
"Managers that were long disdained of Internet and high-tech stocks are now holding their noses and buying them," Ms. Benz said.

But choosing the right Internet

company to put in a portfolio is a challenge, because they have no track record and no earnings.

When Ryan Jacob, 29, became

portfolio manager for the Internet Fund in late 1997, he dropped some of the established players in the industry to focus on the hot new prospects. The fund has stocks in about 35 companies, including AOL, Excite Inc., Double Click Inc., Yahoo! Inc. and CMGI Inc., which was up 604 percent after its sale of GeoCities stock in an initial public offering.



Very briefly:

- General Electric Co. said first-quarter profit rose 14 percent, while sales were less than expected because of lower prices. Net income rose to \$2.16 billion from \$1.89 billion a year earlier. Revenue rose 7 percent, to \$24.17 billion.
- Cisco Systems Inc. agreed to buy Fibex Systems and Sentient Networks Inc. for a total of \$445 million in stock to help it combine voice services on data networks.
- U.S. retailers' same-store sales rose 9.9 percent in March, the sixth straight month of higher-than-expected gains. Sales rose 11 percent at the industry leader, Wal-Mart Stores Inc., and 21 percent at Gap Inc.'s Banana Republic, Gap and Old Navy stores.
- Onex Corp. agreed to buy American Building Co. for \$271 million in cash. (Bloomberg)

Shell Pursuing Offshore U.S. Find

HOUSTON — Shell Oil Co., the U.S. division of Royal Dutch/Shell Group, said Thursday it would spend about \$900 million developing a Gulf of Mexico discovery believed to hold the equivalent of more than 200 million barrels of crude oil. The project, dubbed Brunei, will be developed about 165 miles (265 kilometers) southwest of New Orleans in water depths of 2,750 to 3,300 feet (840 to 1,000 meters). Shell said. Production is expected to begin by late 2001, with top daily output of 100,000 barrels of oil and 150 million cubic feet (4.24 million cubic meters) of natural gas.

The Brunei platform will be capable of producing 300 million cubic feet of gas a day because it eventually will be used as a hub for output from surrounding developments, Shell said.

Shell is the top oil and gas producer in the Gulf of Mexico, with daily output of 227,000 barrels of oil and 1.3 billion cubic feet of gas.

U. S. STOCK MARKET DIARY

Thursday, April 8									
Most Active									
Index	High	Low	Last	Chg.	Index	High	Low	Last	Chg.
Dow Jones	10197.70	10197.70	10197.70	+112.39	Nasdaq	2573.39	2573.39	2573.39	+28.96
S&P 500	1344.00	1344.00	1344.00	+17.11	AMEX	717.30	717.30	717.30	+0.66
Indus	1004.24	1004.24	1004.24	+11.29	Comp	717.30	717.30	717.30	+0.66
Trans	1004.24	1004.24	1004.24	+11.29	Indus	1004.24	1004.24	1004.24	+11.29
Comp	1004.24	1004.24	1004.24	+11.29	Trans	1004.24	1004.24	1004.24	+11.29

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Indus	1004.24	1004.24	1004.24	+11.29	Comp	717.30	717.30	717.30	+0.66
Trans	1004.24	1004.24	1004.24	+11.29	Indus	1004.24	1004.24	1004.24	+11.29
Comp	1004.24	1004.24	1004.24	+11.29	Trans	1004.24	1004.24	1004.24	+11.29

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Indus	1004.24	1004.24	1004.24	+11.29	Comp	717.30	717.30	717.30	+0.66
Trans	1004.24	1004.24	1004.24	+11.29	Indus	1004.24	1004.24	1004.24	+11.29
Comp	1004.24	1004.24	1004.24	+11.29	Trans	1004.24	1004.24	1004.24	+11.29

RATES: European Central Bank Eases Monetary Policy in Bid to Spur Growth

Continued from Page 1

structural rigidities. A European-style prolonged slump even in Asia is showing tentative signs of recovery and the United States has defied the effects of the Asian crisis with surprisingly powerful growth.

While unemployment in the United States last month fell to a 29-year low, Mr. Duisenberg noted that euro-bloc job creation registered "a certain deceleration" in the last three months of last year. Germany — which accounts for more than a third of the euro bloc's output

— reported Thursday that German unemployment fell in March by only 3,000 on a seasonally adjusted basis, keeping unemployment near its worst levels since the 1930s.

But a recession remains out of the question for now, Mr. Duisenberg said.

"We see a slowdown in the economic development," he said. "We do not see or do not yet see a recession to be on our hands."

The ECB effectively has deployed every tool at its disposal to revive growth by adding Thursday's deep interest-rate reduction to its apparent acceptance of the euro's relatively weak exchange rate. A weak

currency bolsters exports by making them cheaper on world markets.

The ECB, the guardian of the new currency, seemed Thursday to indicate a new and more relaxed attitude about the euro's drop of nearly 10 percent against the dollar.

"We are not at all dissatisfied with that level," Mr. Duisenberg said. Acceptance of the relatively soft euro marks a shift from initial signs of alarm in the weeks immediately following the euro's birth, economists say. Since then, the political background has changed, starting with last month's surprise resignation as finance minister of Oskar Lafontaine, the German official

who had taken the lead in blaming Europe's central bankers for the Continent's economic ailments.

■ Pound Posts Solid Gain

The pound rang up its biggest gain against the dollar in three months on optimism that reduced borrowing costs in Britain would keep the economy growing. Bloomberg News reported from New York. The pound rose to \$1.6055 from \$1.5960.

The U.S. currency slipped slightly against its Japanese counterpart, falling to 121.150 yen from 121.375 yen. But the dollar gained to 1.4992 Swiss francs from 1.4790 francs.

INTERNATIONAL FUTURES

High Low Last Chge Opt					High Low Last Chge Opt					High Low Last Chge Opt				
CORN (CBOT)														
May 99	21.00	20.75	20.75	-0.25	Oct 99	21.00	20.75	20.75	-0.25	Mar 00	20.95	20.40	20.40	-0.10
Jul 99	21.00	20.75	20.75	-0.25	Dec 99	21.00	20.75	20.75	-0.25	May 00	20.95	20.40	20.40	-0.10
May 00	21.00	20.75	20.75	-0.25	Aug 00	21.00	20.75	20.75	-0.25	Prev. open:	20.95	20.40	20.40	-0.10
Jul 00	21.00	20.75	20.75	-0.25	Oct 00	21.00	20.75	20.75	-0.25					
May 01	21.00	20.75	20.75	-0.25	Dec 00	21.00	20.75	20.75	-0.25					
Jul 01	21.00	20.75	20.75	-0.25	Feb 01	21.00	20.75	20.75	-0.25					
May 02	21.00	20.75	20.75	-0.25	Apr 01	21.00	20.75	20.75	-0.25					
Jul 02	21.00	20.75	20.75	-0.25	Jun 01	21.00	20.75	20.75	-0.25					
May 03	21.00	20.75	20.75	-0.25	Aug 01	21.00	20.75	20.75	-0.25					
Jul 03	21.00	20.75	20.75	-0.25	Oct 01	21.00	20.75	20.75	-0.25					
May 04	21.00	20.75	20.75	-0.25	Dec 01	21.00	20.75	20.75	-0.25					
Jul 04	21.00	20.75	20.75	-0.25	Feb 02	21.00	20.75	20.75	-0.25					
May 05	21.00	20.75	20.75	-0.25	Apr 02	21.00	20.75	20.75	-0.25					
Jul 05	21.00	20.75	20.75	-0.25	Jun 02	21.00	20.75	20.75	-0.25					
May 06	21.00	20.75	20.75	-0.25	Aug 02	21.00	20.75	20.75	-0.25					
Jul 06	21.00	20.75	20.75	-0.25	Oct 02	21.00	20.75	20.75	-0.25					
May 07	21.00	20.75	20.75	-0.25	Dec 02	21.00	20.75	20.75	-0.25					
Jul 07	21.00	20.75	20.75	-0.25	Feb 03	21.00	20.75	20.75	-0.25					
May 08	21.00	20.75	20.75	-0.25	Apr 03	21.00	20.75	20.75	-0.25					
Jul 08	21.00	20.75	20.75	-0.25	Jun 03	21.00	20.75	20.75	-0.25					
May 09	21.00	20.75	20.75	-0.25	Aug 03	21.00	20.75	20.75	-0.25					
Jul 09	21.00	20.75	20.75	-0.25	Oct 03	21.00	20.75	20.75	-0.25					
May 10	21.00	20.75	20.75	-0.25	Dec 03	21.00	20.75	20.75	-0.25					
Jul 10	21.00	20.75	20.75	-0.25	Feb 04	21.00	20.75	20.75	-0.25					
May 11	21.00	20.75	20.75	-0.25	Apr 04	21.00	20.75	20.75	-0.25					
Jul 11	21.00	20.75	20.75	-0.25	Jun 04	21.00	20.75	20.75	-0.25					
May 12	21.00	20.75	20.75	-0.25	Aug 04	21.00	20.75	20.75	-0.25					
Jul 12	21.00	20.75	20.75	-0.25	Oct 04	21.00	20.75	20.75	-0.25					
May 13	21.00	20.75	20.75	-0.25	Dec 04	21.00	20.75	20.75	-0.25					
Jul 13	21.00	20.75	20.75	-0.25	Feb 05	21.00	20.75	20.75	-0.25					
May 14	21.00	20.75	20.75	-0.25	Apr 05	21.00	20.75	20.75	-0.25					
Jul 14	21.00	20.75	20.75	-0.25	Jun 05	21.00	20.75	20.75	-0.25					
May 15	21.00	20.75	20.75	-0.25	Aug 05	21.00	20.75	20.75	-0.25					
Jul 15	21.00	20.75	20.75	-0.25	Oct 05	21.00	20.75	20.75	-0.25					
May 16	21.00	20.75	20.75	-0.25	Dec 05	21.00	20.75	20.75	-0.25					
Jul 16	21.00	20.75	20.75	-0.25	Feb 06	21.00	20.75	20.75	-0.25					
May 17	21.00	20.75	20.75	-0.25	Apr 06	21.00	20.75	20.75	-0.25					
Jul 17	21.00	20.75	20.75	-0.25	Jun 06	21.00	20.75	20.75	-0.25					
May 18	21.00	20.75	20.75	-0.25	Aug 06	21.00	20.75	20.75	-0.25					
Jul 18	21.00	20.75	20.75	-0.25	Oct 06	21.00	20.75	20.75	-0.25					
May 19	21.00	20.75	20.75	-0.25	Dec 06	21.00	20.75	20.75	-0.25					
Jul 19	21.00	20.75	20.75	-0.25	Feb 07	21.00	20.75	20.75	-0.25					
May 20	21.00	20.75	20.75	-0.25	Apr 07	21.00	20.75	20.75	-0.25					
Jul 20	21.00	20.75	20.75	-0.25	Jun 07	21.00	20.75	20.75	-0.25					
May 21	21.00	20.75	20.75	-0.25	Aug 07	21.00	20.75	20.75	-0.25					
Jul 21	21.00	20.75	20.75	-0.25	Oct 07	21.00	20.75	20.75	-0.25					
May 22	21.00	20.75	20.75	-0.25	Dec 07	21.00	20.75	20.75	-0.25					
Jul 22	21.00	20.75	20.75	-0.25	Feb 08	21.00	20.75	20.75	-0.25					
May 23	21.00	20.75	20.75	-0.25	Apr 08	21.00	20.75	20.75	-0.25					
Jul 23	21.00	20.75	20.75	-0.25	Jun 08	21.00	20.75	20.75	-0.25					
May 24	21.00	20.75	20.75	-0.25	Aug 08	21.00	20.75	20.75	-0.25					
Jul 24	21.00	20.75	20.75	-0.25	Oct 08	21.00	20.75	20.75	-0.25					
May 25	21.00	20.75	20.75	-0.25	Dec 08	21.00	20.75	20.75	-0.25					
Jul 25	21.00	20.75	20.75	-0.25	Feb 09	21.00	20.75	20.75	-0.25					
May 26	21.00	20.75	20.75	-0.25	Apr 09	21.00	20.75	20.75	-0.25					
Jul 26	21.00	20.75	20.75	-0.25	Jun 09	21.00	20.75	20.75	-0.25					
May 27	21.00	20.75	20.75	-0.25	Aug 09	21.00	20.75	20.75	-0.25					
Jul 27	21.00	20.75	20.75	-0.25	Oct 09	21.00	20.75	20.75	-0.25					
May 28	21.00	20.75	20.75	-0.25	Dec 09	21.00	20.75	20.75	-0.25					
Jul 28	21.00	20.75	20.75	-0.25	Feb 10	21.00	20.75	20.75	-0.25					
May 29	21.00	20.75	20.75	-0.25	Apr 10	21.00	20.75	20.75	-0.25					
Jul 29	21.00	20.75	20.75	-0.25	Jun 10	21.00	20.75	20.75	-0.25					
May 30	21.00	20.75	20.75	-0.25	Aug 10	21.00	20.75	20.75	-0.25					
Jul 30	21.00	20.75	20.75	-0.25	Oct 10	21.00	20.75	20.75	-0.25					
May 31	21.00	20.75	20.75	-0.25	Dec 10	21.00	20.75	20.75	-0.25					
Jul 31	21.00	20.75	20.75	-0.25	Feb 11	21.00	20.75	20.75	-0.25					
May 32	21.00	20.75	20.75	-0.25	Apr 11	21.00	20.75	20.75	-0.25					
Jul 32	21.00	20.75	20.75	-0.25	Jun 11	21.00	20.75	20.75	-0.25					
May 33	21.00	20.75	20.75	-0.25	Aug 11	21.00	20.75	20.75	-0.25					
Jul 33	21.00	20.75	20.75	-0.25	Oct 11	21.00	20.75	20.75	-0.25					
May 34	21.00	20.75	20.75	-0.25	Dec 11	21.00	20.75	20.75	-0.25					
Jul 34	21.00	20.75	20.75	-0.25	Feb 12	21.00	20.75	20.75	-0.25					
May 35	21.00	20.75	20.75	-0.25	Apr 12	21.00	20.75	20.75	-0.25					
Jul 35	21.00	20.75	20.75	-0.25	Jun 12	21.00	20.75	20.75	-0.25					
May 36	21.00	20.75	20.75	-0.25	Aug 12	21.00	20.75	20.75	-0.25					
Jul 36	21.00	20.75	20.75	-0.25	Oct 12	21.00	20.75	20.75	-0.25					
May 37	21.00	20.75	20.75	-0.25	Dec 12	21.00	20.75	20.75	-0.25					
Jul 37	21.00	20.75	20.75	-0.25	Feb 13	21.00	20.75	20.75	-0.25					
May 38	21.00	20.75	20.75	-0.25	Apr 13	21.00	20.75	20.75	-0.25					
Jul 38	21.00	20.75	20.75	-0.25	Jun 13	21.00	20.75	20.75	-0.25					
May 39	21.00	20.75	20.75	-0.25	Aug 13	21.00	20.75	20.75	-0.25					
Jul 39	21.00	20.75	20.75	-0.25	Oct 13	21.00	20.75	20.75	-0.25					
May 40	21.00	20.75	20.75	-0.25	Dec 13	21.00	20.75	20.75	-0.25					
Jul 40	21.00	20.75	20.75	-0.25	Feb 14	21.00	20.75	20.75	-0.25					
May 41	21.00	20.75	20.75	-0.25	Apr 14	21.00	20.75	20.75	-0.25					
Jul 41	21.00	20.75	20.75	-0.25	Jun 14	21.00	20.75	20.75	-0.25					
May 42	21.00	20.75	20.75	-0.25	Aug 14	21.00	20.75	20.75	-0.25					
Jul 42	21.00	20.75	20.75	-0.25	Oct 14	21.00	20.75	20.75	-0.25					
May 43	21.00	20.75	20.75	-0.25	Dec 14	21.00	20.75	20.75	-0.25					
Jul 43	21.00	20.75	20.75	-0.25	Feb 15	21.00	20.75	20.75	-0.25					
May 44	21.00	20.75	20.75	-0.25	Apr 15	21.00	20.75	20.75	-0.25					
Jul 44	21.00	20.75	20.75	-0.25	Jun 15	21.00	20.75	20.75	-0.25					
May 45	21.00	20.75	20.75	-0.25	Aug 15	21.00	20.75	20.75	-0.25					
Jul 45	21.00	20.75	20.75	-0.25	Oct 15	21.00	20.75	20.75	-0.25					
May 46	21.00	20.75	20.75	-0.25	Dec 15	21.00	20.75	20.75	-0.25					
Jul 46	21.00	20.75	20.75	-0.25	Feb 16	21.00	20.75	20.75	-0.25					
May 47	21.00	20.75	20.75	-0.25	Apr 16	21.00	20.75	20.75	-0.25					
Jul 47	21.00	20.75	20.75	-0.25	Jun 16	21.00	20.75	20.75	-0.25					
May 48	21.00	20.75	20.75	-0.25	Aug 16	21.00	20.75	20.75	-0.25					
Jul 48	21.00	20.75	20.75	-0.25	Oct 16	21.00	20.75	20.75	-0.25					
May 49	21.00	20.75	20.75	-0.25	Dec 16	21.00	20.75	20.75	-0.25					
Jul 49	21.00	20.75	20.75	-0.25	Feb 17	21.00	20.75	20.75	-0.25					

EUROPE

Telecom Italia Set to Reinforce Its Defenses

Paris Weighs A Challenge On Bananas

By Daniel Liefgreen
Special to the Herald Tribune

ROME — The telecommunications battle between Olivetti SpA and Telecom Italia SpA is heading toward a showdown this weekend, and the former state monopoly appears to be gaining the upper hand in the fight over Olivetti's 60.4 billion euro (\$65.1 billion) hostile takeover bid, analysts said Thursday.

A meeting Saturday of Telecom Italia shareholders in Turin may be decisive in determining which side ultimately emerges victorious in Europe's largest takeover fight.

"We're entering the final phase and it looks like Telecom Italia has the momentum, although the outcome still is uncertain," said Dwayne Taylor of Robert Fleming Securities.

Shareholders are being asked to

approve several defensive measures proposed by chief executive of Telecom Italia, Franco Bernabè, who has been locked in a bitter war of words with his adversary, Roberto Colaninno of Olivetti.

"The most likely scenario is that these measures will be approved," said Carlos Siegrist of Banco Santander in Madrid.

Telecom Italia's defensive plan has three parts: a proposal to convert common stock, a move that would make the company more expensive; a sweeping industrial plan that calls for a merger with the company's cellular phone subsidiary, Telecom Italia Mobile, and a share buyback program.

The key measure is the proposed share conversion, since Olivetti has said it would drop its bid if that goes ahead.

"If shareholders don't give approval to the share conversion, the takeover is still alive," said Davide Oddono, general manager of research group Activinvest in London.

Mr. Bernabè faces two big hurdles Saturday.

First, he needs at least 30 percent of shareholders represented at the meeting for it to be considered valid. Then, he needs support from investors controlling at least 30 percent of the company's capital for the anti-takeover measures to be approved.

Reaching those numbers will not be easy, analysts said, because about a third of Telecom Italia's capital is in the hands of small investors, who traditionally do not participate in shareholder meetings.

According to Italian press reports, 25 percent of shareholders have registered for the meeting. A

company spokeswoman would not comment on the reports.

"Mr. Bernabè is more likely to succeed in the end," Mr. Oddono said. "I'm not sure that it can happen this weekend."

Analysts said the tide appeared to have turned in Telecom Italia's favor in the last week, citing Olivetti's controversial sale of Telecom Italia shares on the open market; tough talk from Mr. Colaninno and Olivetti's slowness in releasing the formal prospectus document outlining full details of its offer.

"Olivetti has made some big mistakes," one analyst said. "Seven weeks after Olivetti announced its bid, we still don't have a prospectus."

Once Olivetti files the document with the stock market regulator Consob, that body has up to 15 days to approve it.

Agence France-Press

PARIS — France might ask the European Union to appeal a WTO ruling that condemned EU rules for the banana trade, the government said Thursday.

"France is studying the possibility of asking the European Union to contest through appeal all or part" of the World Trade Organization ruling handed down this week, the Foreign Trade Ministry said in a statement.

It asked the European Commission to "put forward proposals allowing for the interests of banana producers in the African, Caribbean and Pacific countries to be preserved in line with multilateral rules and to ensure that these countries can continue to produce" the fruit.

The trade ministry said Wednesday that France would "completely respect" the WTO ruling but called for a transitional period to allow banana exporters in African, Caribbean and Pacific countries to adjust to the new system.

In a ruling in 1997, the WTO condemned the EU system of favoring bananas imported from African, Caribbean and Pacific countries, most of which are former European colonies, over bananas imported from Latin America, many of which are grown by U.S. companies.

The United States protested that the arrangements were in breach of WTO rules, and in 1998 the EU changed the system.

The United States immediately objected to the new system, and on Wednesday a WTO arbitration panel ruled that the new regime contravened international trade rules.

Big Future Is Seen for Bargain 'Virtual' Ads

PARIS — Agnita, Spanish television viewers saw this advertisement on a banner fluttering above the finish line at the 1995 Tour de Spain, one of the world's premier cycling races.

Amstel. The beer brand that millions north of the Iberian peninsula saw on the same banner.

Only one ad was real. The latter was generated by computer, a "virtual" advertisement created by Symah Vision SA of France.

With companies lured by the prospect of targeting specific regions with their ads and owners of sports broadcasting rights seeking new sources of revenue, virtual marketing executives say the industry could be worth more than \$5 billion in five years.

Already a fixture of sports broadcasts, virtual ads could soon spread to other TV venues.

"Imagine if someone paid to have a virtual soda can on Jay Leno's desk for one year — it's amazing," said Bill Cella, vice president for broadcast and programming at McCann-Erickson WorldGroup, referring to the popular American chat-show host.

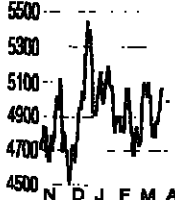
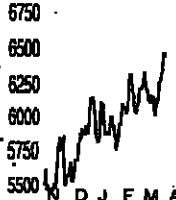
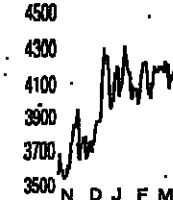
In an era when companies can pay \$100,000 or more for a 30-second commercial in the Champions League, Europe's premier soccer club tournament, virtual advertising is a comparative bargain. Buying the ability to create messages or alter billboards for an entire game using virtual marketing can cost about half that amount.

Princeton Video Image Inc. says Unilever NV, General Motors Corp. and Nokia Group were among those that used its virtual technology during the Super Bowl this year, which was seen by 800 million viewers worldwide.

For Symah Vision, the ability to place computer-based images in television images was spawned by missile technology being developed by its parent company, Lagardere SCA. The system allows for altering or replacing images either directly from the event location, or they can be "added" in a studio before the images are broadcast.

Not all advertising executives are enthusiastic about virtual ads. While they may help brand awareness, some say, they may not give that much of a lift to a product's sales.

"This is kind of incidental exposure," said Allen Banks, executive media director at Saatchi & Saatchi North America. "It's not a selling message but could have brand recognition value. For a brand as mature as Coke, it's fine as background noise."

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
				
N D J F M A	N D J F M A	N D J F M A		
1998	1998	1998		
1999	1999	1999		
Exchanges	Index	Thursday Close	Prev. Close	% Change
Amsterdam	AEX	537.57	542.55	-0.90
Brussels	BEL-20	3,321.41	3,333.94	-0.38
Frankfurt	DAX	5,988.75	5,952.27	+0.38
Copenhagen	Stock Market	618.68	614.67	+0.31
Helsinki	HEX General	6,777.40	6,841.02	-0.93
Oslo	OBX	558.84	560.18	-0.06
London	FTSE 100	6,437.90	6,473.20	-0.55
Madrid	Stock Exchange	894.57	889.29	+0.59
Milan	MISTEL	2,529.7	2,517.5	+0.48
Paris	CAC 40	4,330.70	4,318.04	+0.28
Stockholm	SX 15	4,418.93	4,424.92	-0.32
Vienna	ATX	1,203.84	1,203.51	+0.03
Zurich	SPI	4,680.64	4,590.35	+1.31
Source: Telekurs				
International Herald Tribune				

[illegible]

The data in the list above is the name supplied by the fund groups to Standard & Poor's Compustat. It is collected and retransmitted into the HT, Standard & Poor's Compustat and the HT do not warrant the quality or accuracy of the list, the date of the performance of funds or the fund groups and will not be liable for the list. The data is provided for your use. The list is not and shall not be deemed to be an offer by the HT or Standard & Poor's Compustat to sell securities, or investments of any kind. Investments can be sold as well as new. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

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WORLD ROUNDUP

Germans March On

TENNIS Boris Becker, playing only his third ATP Tour event this year, reached the quarterfinals of the Hong Kong Open on Thursday by beating Wayne Ferreira, 6-4, 7-6. He was joined in the last eight by his countrymen Nicolas Pietrangeli, Bernd Karbacher and Hendrik Dreekmann. (Reuters)

Cameroon Beats England

SOCCER A 64th-minute own goal by England's Richard Cooper put his country on the verge of elimination Thursday as Cameroon won, 1-0, at the World Youth Championship in Kano, Nigeria. With two victories, Cameroon is assured a place in the next round along with Mexico, which beat Australia, 3-1, on Wednesday for its second victory.

England, which lost its first match to the United States, 1-0, is the only team not to have scored in the 24-nation tournament.

In other matches Thursday, Zambia and Spain played to a scoreless draw, and Uruguay beat South Korea, 1-0.

Alen Boksic scored the equalizer Thursday as visiting Lazio of Rome gained a 1-1 tie with Lokomotiv Moscow in a first-leg semifinal of the Cup Winners' Cup. Lokomotiv grabbed the lead after a quick counterattack in the 61st minute when Zaza Dzhanaashia, who leads all scorers in the competition with six goals, beat Lazio goalkeeper Luca Marchegiani in a one-on-one contest. (AP/APP)



Paolo Negro of Lazio, left, fighting it out Thursday with Zaza Dzhanaashia of Lokomotiv Moscow.

For Woods, Rough Start At Masters

A Changed Course Greeted Top Golfers at Augusta

The Associated Press

AUGUSTA, Georgia — The changes made to toughen up the course at Augusta National seemed to be paying off Thursday as Tiger Woods made an eight on a hole and many players struggled to make pars on the opening day of the Masters.

A trio of 69s by Davis Love, Scott McCarron and Brandel Chamble, playing in his first Masters, held the lead with about a third of the field finished for the day.

Earlier, Augusta National's new rough caught the ceremonial drive of 97-year-old Gene Sarazen as the 63rd Masters got off to its traditional start. The 1935 Masters winner joined former champions Sam Snead and Byron Nelson on the first tee of a course that had undergone more changes than ever in an effort to harness golf's growing legion of long hitters.

All three of the ceremonial starters found the rough, which was grown three-quarters of an inch (1.9 centimeters) deeper than previous years as part of changes that also included lengthening two holes and adding some pine trees to encourage greater accuracy.

"I did a good job today," said Love, who birdied Nos. 16 and 17. "I'm just trying to stay calm and have some patience."

Patience was what Woods needed after making a triple bogey at the eighth hole. Woods came back to birdie three straight holes on the back nine, however, and was only two shots off the lead with four holes left.

Patience was needed by others in the field, too, as the use of threesomes instead of pairs on the first two days led to long rounds. Defending champion Mark O'Meara, who had a late tee time, took an hour to play three holes as his group continually waited between shots to hit.

David Duval, the hottest player in golf, indicated that he would be pushing to win his first major, making birdies at the second and third holes to go 2-under.

Woods had an up-and-down beginning that saw him par only one of his first six holes but was still 1-under when he ran into trouble at the par-5 eighth. He hit his drive into the trees, put his second shot into an azalea bush and, after taking a penalty drop, took three more shots to get on the green. He then two-putted for



Former Masters champions Byron Nelson, left, Gene Sarazen, center, and Sam Snead acknowledging the crowd Thursday before hitting ceremonial drives to kick off the 1999 tournament in Augusta, Georgia.

an eight. "This is how you lose a tournament," Woods said to the gallery after hitting into the bush.

Perfect weather greeted the early players, but it got hot quickly despite a breeze blowing through Augusta National's tall pines.

Masters officials reluctantly made their biggest course changes ever this year. Fearful that shaved, undulating greens and tight fairways were no longer enough to help a course measuring under 7,000 yards fight off the assault on par. Not everyone liked them.

"Bobby Jones would turn over in his grave," Gary Player said of the changes made to the 17th hole. Player made a double bogey on the second hole, where the tee also had been moved back.

The course still looked much the same, except for the new light layer of rough that lines the expansive fairways.

But things might actually have improved for the big hitters by alterations that included toughening two par-5s and making the Eisenhower tree at No. 17 a potential nightmare for the shorter hitters.

Woods was again a crowd favorite as he teed off in search of a second green jacket. But the oddsmakers favored Duval, who also is long off the tee and is riding a hot streak the likes of which he has hardly been seen since Johnny Miller was in his prime in the 1970s.

"I feel like I'm capable of winning," said Duval, who finished second last year when O'Meara sank a 20-foot birdie putt on the final hole.

Juventus and Kiev Suffer Late Equalizers

By Rob Hughes

International Herald Tribune

LONDON — The stings came without a moment to spare in the UEFA Champions League semifinals when big hearts and brave spirits neutralized superior play.

Under soccer laws, one and a half hours is the length of a contest, but if the whistle does not blow it is wise to keep

EUROPEAN SOCCER

on running. Bayern Munich twice trailed by two goals, but fought back in Kiev to escape, 3-3, Wednesday.

In England, Ryan Giggs, the Manchester United winger, scored to square the first leg against Juventus, 1-1, two minutes into injury time.

Moral: Run until you drop. Never let your guard down, never give up hope, never presume the mission is accomplished until the referee calls time.

In Kiev, 82,000 fans, almost all Ukrainian, were raised to rapture then reduced to silence as Dynamo, inspired again by Andrei Shevchenko, scored three but conceded three to Germans who, as sporting history teaches, never know when they are beaten.

Lothar Matthaeus, a Munich defender in his 20th European season, was embarrassed by the early pace yet was still standing beneath the posts to prevent a fourth Kiev goal, still pushing forward at the end in search of a winner.

"Mistakes certainly paid a big role in Kiev's goals," Matthaeus said. "But we showed fighting spirit and we are very happy with the result."

Valeri Lobanovsky, the Dynamo trainer who resembles Nikita Khrushchev, said nothing for a long, long time. His march to the dressing room suggested his "boys" would be the first to hear his wrath before he emerged to say: "We made defensive errors late in the game. But it's not over. If we were able to score three times here, we can do it again in Munich."

Possibly they can. Shevchenko's first goal was poetic and potent. He glided into space for Valentin Belkevich to strike a slide-rule pass; he turned, shot, scored in a seamless motion. There were looks between Matthaeus, the sweeper, and Markus Babel, the marker. Shevchenko had invaded their territory without either getting close.

Goal 2 might also be claimed by Shevchenko. It is a moot point whether his free kick was deflected, marginally if at all, by Kakha Kaladze. When Munich

hit back, with the last kick of the first half, that too involved a hint of deflection, by Carsten Jancker, of Michael Tarnat's 33-yard free kick.

Yet another free kick, in the 78th minute by Stefan Effenberg, baffled goalkeeper Olexandr Shovkovsky, curling through the air inside his near post.

Between those goals, Vitali Kossovsky restored Kiev's lead with an easy 7-yard volley after Samuel Kuffour miskicked a clearance. Kossovsky fluffed a chance to score again before Munich's final goal, claimed by the brute force and perseverance of Jancker.

The Kiev players had tired on their own, heavy pitch. Munich, strong in mind and stronger in body, believes now that the psychological advantage is with it. April 21 will tell.

A third as many goals, a mere 54,487 crowd, but a similar pattern in Manchester. Juventus, written off as aging and ailing, gave Manchester United a lesson for 45 minutes. Italian technique was sharper, quicker, more inventive.

"The English were very sure of themselves before the match," said Antonio Conte, the Juve skipper. "But we disarmed them. On a technical and tactical level our superiority was obvious."

It was Conte, sprinting onto a marvelous, angled pass from Edgar Davids, who scored midway through the first half. Juventus should have added two more, such was the gulf. Zinedine Zidane, had his right knee smothered in bandage, but his was the freest mind, the finest technique. He floated into spaces United did not seem to know existed. Davids, Didier Deschamps and Angelo Di Livio ran for him. Filippo Inzaghi made elusive bursts. United could not get the ball.

Until the second half, when Juventus relaxed and United surged through sheer desperation.

Davids' Beckham, Manchester's golden boy, had had a rough game, smothered by the industry of Di Livio. Then, in the 92nd minute, Beckham scooped the ball forward, goalie Angelo Peruzzi missed it, and Ryan Giggs scored the 75th goal of his Manchester United career.

A lifeline, or too little too late? Once again, April 21 will decide. Until then, lovers of soccer must hope that Juventus did not take too much risk with Zidane. To jeopardize one great talent, Ronaldo, as Brazil and Inter Milan did is unfortunate; to damage a second would be careless to the point of negligence.

Rob Hughes is chief sports writer of The Times of London.

On Different Tracks, Two Motor Sports Race Each Other for World Attention

By Brad Spurgeon
International Herald Tribune

PARIS — On Friday on different sides of the world, two competing motor racing organizations will be revving their engines.

In Sao Paulo, Formula One will be holding its practice sessions for the Brazilian Grand Prix on the bumpy, twisty Interlagos road course.

Near Tokyo, the Champ Car series — formerly IndyCar — will be running the time trials for its race on the smooth and wide Motegi oval track, near Tokyo. The Twin Ring Motegi also has a Formula One compatible road course, and spectators in the grandstand can see both tracks. So the two races could be run simultaneously there. The two groups probably won't be holding a face-to-face showdown soon, but they are increasingly competing with each other.

Formula One is a European-based high-tech, strategy heavy thoroughbred. It considers itself the

world's ultimate open-wheel discipline. But Champ Cars, run by Championship Auto Racing Teams, or CART, is a free-for-all bang-em-up American Indy-style series. And it's catching up.

CART is traditionally American and is based in Troy, Michigan. It has no races in Europe, but its 2004 season stretches over four continents. Formula One has no races in the United States. Eleven of its 16 races are in Europe, but 4 of them are in the same countries as the CART races — Japan, Brazil, Australia and Canada.

CART hopes soon to have a European race at a new oval track in England or in Germany.

While Formula One talks about a stock market flotation, CART went public in March 1998. While Formula One talks about expanding to 20 races per season, CART has steadily built its schedule.

Though the two approaches to racing, and the underlying attitudes of the two organizations, are growing closer, they nevertheless remain distinct.

Formula One bills itself a "world championship." Its intercontinental races are merely an expansion. Last year, before CART's inaugural race in Japan, Michael Andretti, a U.S. driver, said CART was "exporting" an American sport to Japan, where Japan exports cars to the United States.

CART races — run on ovals, road courses, and city street circuits — are centered around the periodic, but unpredictable, yellow caution flags and safety cars that suspend the racing while the track is cleared after accidents. The cars regroup, and many stop for tire changes and refueling. This shakes up the race order, allowing for frequent lead changes. At the Michigan 500 last year, nine drivers traded the lead 62 times.

In Formula One, team directors generally decide on the tire and pit-stop strategy before the start. Races are often led from start to finish by the same driver.

Where CART's cars are mostly off-the-shelf machines with identical, or nearly identical chassis, in Formula One, each team must design and build its own car, while complying with complex technical regulations. Victory usually goes to the best combination of car and driver, or to the team with the most advanced technology.

"Formula One is obviously very prestigious," said Jimmy Vasser, an American CART driver who won the title in 1996. But he said that for a driver, "while it's the top of the ladder it's certainly not the most competitive series. It's a bit less competitive than IndyCar and NASCAR."

Formula One, aware of such criticism, has increasingly resorted to the use of the safety car. More stable technical regulations for this season have allowed the smaller teams to catch up technologically, bringing the competition closer.

Until recently, CART was where retired Formula One drivers went to spin out their careers, as Nigel Mansell did when he followed a Formula One drivers title with a CART title. Jacques

Villeneuve reversed the sequence, and now many younger drivers have started to see CART as a stepping stone to Formula One. This year, Alessandro Zanardi returned to Formula One after back-to-back titles in CART.

The Brazilian Tony Kanaan, last year's CART rookie of the year, said he went to the United States after foundering in Italian Formula 3.

"I couldn't go to Formula One because they wanted a lot of money," he said, referring to the sport's practice of asking rookie drivers to bring a sponsor's budget to the team. "I saw a very good opportunity in IndyCar, and now I am at the top of the categories in North America and I can still go to Formula One from there."

CART teams also ask for money, however, and, according to Ricardo Rosset, a Brazilian driver who brought \$5 million worth of sponsorship to the Tyrrell Formula One team last year. "Sometimes it's more expensive to drive in IndyCar than to drive in Formula One."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE			
TEAM	W	L	PCT.
Boston	2	1	1.000
New York	2	1	.667
Baltimore	1	1	.500
Tampa Bay	1	1	.500
Chicago	1	1	.500
CENTRAL DIVISION			
Cleveland	2	1	.667
Minnesota	1	1	.500
Detroit	1	1	.500
Kansas City	1	1	.500
NATIONAL LEAGUE			
Atlanta	2	1	.667
St. Louis	2	1	.667
Florida	1	1	.500
Philadelphia	1	1	.500
WESTERN DIVISION			
Los Angeles	3	0	1.000
San Francisco	2	1	.667
San Diego	2	1	.667
Colorado	1	1	.500
Arizona	0	2	.000

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE			
TEAM	W	L	PCT.
Boston	2	1	1.000
New York	2	1	.667
Baltimore	1	1	.500
Tampa Bay	1	1	.500
Chicago	1	1	.500
CENTRAL DIVISION			
Cleveland	2	1	.667
Minnesota	1	1	.500
Detroit	1	1	.500
Kansas City	1	1	.500
NATIONAL LEAGUE			
Atlanta	2	1	.667
St. Louis	2	1	.667
Florida	1	1	.500
Philadelphia	1	1	.500
WESTERN DIVISION			
Los Angeles	3	0	1.000
San Francisco	2	1	.667
San Diego	2	1	.667
Colorado	1	1	.500
Arizona	0	2	.000

BASEBALL

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Baltimore	1	1	.500
Tampa Bay	1	1	.500
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Detroit	1	1	.500
Kansas City	1	1	.500
NATIONAL LEAGUE			
Atlanta	2	1	.667
St. Louis	2	1	.667
Florida	1	1	.500
Philadelphia	1	1	.500
WESTERN DIVISION			
Los Angeles	3	0	1.000
San Francisco	2	1	.667
San Diego	2	1	.667
Colorado	1	1	.500
Arizona	0	2	.000

BASEBALL

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Minnesota	1	1	.500
Detroit	1	1	.500
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NATIONAL LEAGUE			
Atlanta	2	1	.667
St. Louis	2	1	.667
Florida	1	1	.500
Philadelphia	1	1	.500
WESTERN DIVISION			
Los Angeles	3	0	1.000
San Francisco	2	1	.667
San Diego	2	1	.667
Colorado	1	1	.500
Arizona	0	2	.000

BASEBALL

MAJOR LEAGUE STANDINGS

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Boston	2	1	1.000
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St. Louis	2	1	.667
Florida	1	1	.500
Philadelphia	1	1	.500
WESTERN DIVISION			
Los Angeles	3	0	1.000
San Francisco	2	1	.667
San Diego	2	1	.667
Colorado	1	1	.500
Arizona	0	2	.000

BASEBALL

MAJOR LEAGUE STANDINGS

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Boston	2	1	1.000
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Florida	1	1	.500
Philadelphia	1	1	.500
WESTERN DIVISION			
Los Angeles	3	0	1.000
San Francisco	2	1	.667
San Diego	2	1	.667
Colorado	1	1	.500
Arizona	0	2	.000

BASEBALL

MAJOR LEAGUE STANDINGS

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SPORTS

Nuggets Hit Paydirt With Road Victory Over Grizzlies

The Associated Press
For more than a year—385 days, to be exact—the Denver Nuggets had left the court feeling blue whenever they were wearing blue. Try as they might, they just couldn't win a road game.

NBA Roundup

road losing streak with an 87-84 victory over the Vancouver Grizzlies.

"Everybody was going wild, jumping and high-fiving. It's just a relief," Billups hit a 3-point shot from near midcourt with two minutes left, and Nick Van Exel scored 11 of his 21 points in the fourth quarter, including Denver's final four.

Hornets 106, Knicks 82 New York quickly fell behind by 20 points in Charlotte and never recovered in one of their worst performances of the season. "It's too hard to single anybody out tonight. I'm disappointed in myself and the team," the coach, Jeff Van Gundy, said of his team's third straight loss.

Lakers 104, Kings 89 Shaquille O'Neal had 30 points and 18 rebounds; Derek Fisher scored 19 points; Kobe Bryant added 18, and Glen Rice 15 for the Lakers, who won in Sacramento.

Heat 93, Mavericks 82 Miami withstood a fast start by visiting Dallas, and held the Mavericks to 35 percent shooting in the middle two periods and then staved off a late rally.

Pistons 89, Hawks 82 Grant Hill scored 15 of his 30 points in the fourth quarter as the Pistons beat Atlanta in Detroit.

Suns 90, Timberwolves 82 Cliff Robinson had 27 points, five steals and five blocked shots and did a superb job defensively on Kevin Garnett to help Phoenix end visiting Minnesota's four-game winning streak.

Bucks 99, Cavaliers 81 Glenn Robinson scored a season-high 33 points, including 15 in the fourth quarter, as the Brewers beat Cleveland in Milwaukee.

Wizards 96, Nets 82 Matt Geiger scored six straight fourth-quarter points to help Philadelphia win in New Jersey despite a bad second half by Allen Iverson. Iverson led the Sixers with 23 points, but was only 1-of-10 in the second half, with five missed free throws.

Celtics 108, Wizards 87 Bill Russell made a rare appearance in Boston to watch his former team, the Celtics, dominate as it did when he was playing.

Pacers 91, Bulls 74 Indiana had six players in double figures as they beat the Bulls in Chicago.



Scott Pellerin of St. Louis watching Steve Poas of Washington follow the puck into his team's empty net after he attempted to stop it from going in.

Bruins Gain Playoff Spot

New York and Washington Out of the Running

The Associated Press
The Boston Bruins put themselves in the playoffs, eliminating the New York Rangers and pushing the Florida Panthers to the brink in the process.

The Bruins claimed one of the last playoff berths in the Eastern Conference by beating the Panthers, 5-2, Wednesday.

NHL Roundup

night. At the same time, they knocked the St. Louis Blues out of the playoffs for the second straight season.

That left only one playoff spot for the Eastern Conference, and only a collapse could prevent the Carolina Hurricanes from grabbing it. Despite a loss Wednesday at Montreal, the Hurricanes still hold a comfortable eight-point lead over the Panthers in the Southeast Division.

To overtake the Hurricanes for the division title, the Panthers would have to win all five of their games, with the Hurricanes losing their final four.

The Washington Capitals lost to the St. Louis Blues and were eliminated.

Anson Carter broke a 1-1 tie with his first goal of the night, and added two more for his first career hat trick as the Bruins gained the victory they needed. Dmitri Khristich's 29th goal padded Boston's lead to 3-1 after two periods.

Carter wrapped up Boston's seventh victory in 11 games when he scored on a rebound at 10:06 of the third.

Comets 2, Hurricanes 1 Jose Theodore made 27 saves to earn his first career shutout as the Canadiens beat the Hurricanes. Scott Thornton and Martin

Rucinsky both scored as Montreal won its first game since being eliminated from the playoffs Monday night.

Blues 4, Capitals 2 Michel Picard scored the tiebreaker, extending the Blues' unbeaten streak to four.

Maple Leafs 4, Senators 2 Yanic Perreault scored all four Toronto goals, and the host Maple Leafs remained in contention for the Northeast Division title.

The victory moved Toronto within five points of Ottawa heading into the second game of their home-and-home series.

Red Wings 6, Coyotes 1 Detroit clinched the Central Division title and extended its winning streak to eight, as Steve Yzerman had two goals and an assist against visiting Vancouver. Detroit secured at least a No. 3 seed in the playoffs, which begin in two weeks.

Stars 5, Mighty Ducks 1 Brett Hull scored his 30th and 31st goals, and Mike Keane broke a 3-3 gameless drought as the Stars beat Anaheim in Dallas.

Avalanche 4, Panthers 1 Peter Forsberg scored his fourth goal in three games, as the Avalanche extended their unbeaten streak to eight with a victory over visiting Nashville.

Oilers 4, Flames 2 Tom Poti scored with 45 seconds left in the third period, as Edmonton pushed its provincial rival out of the eighth playoff spot in the Western Conference. Rem Murray added an empty-netter to seal the victory as host Edmonton moved ahead of Calgary by one point in the race for the final playoff berth in the West. The two teams meet twice more this season. Both have five games remaining.

Griffey Homer Powers Mariners

The Associated Press
With Alex Rodriguez sidelined by a knee injury and Seattle off to an 0-2 start, the Mariners needed a lift. As usual, Ken Griffey provided it.

Griffey went 4 for 4, including his second homer of the season, to lead the

AL Roundup

Mariners to a 7-3 victory over the Chicago White Sox on Wednesday night.

"Junior was just being Junior," said Lou Piniella, the Mariners' manager. "He hit the ball out in the first inning and scratched out a couple more hits."

As well as Griffey plays though, Seattle's success will be dependent as much on its shaky pitching staff as its powerful lineup.

The Mariners, who allowed 19 runs in the first two losses to the weak-hitting White Sox, will need more starts like the one they got from rookie Freddy Garcia.

Garcia, who joined the Mariners from Houston as part of the Randy Johnson trade last July, allowed seven hits and two runs in nearly six innings to win his major league debut.

Carlos Guillen, who also went to Seattle in the Johnson deal, added a run-scoring single and solid defense while filling in for Rodriguez at shortstop. Guillen started the season at second base, and his position will be filled by David Bell.

Griffey put the Mariners on the scoreboard with his homer in the first inning.

He added a single in the third, a run-scoring single in the fourth and a single in the eighth. He also walked in the sixth.

Devil Rays 8, Orioles 5 Cal Ripken missed a game because of injury for the first time since 1982.

Ripken, who left Baltimore's season opener Monday in the third inning with stiffness in his lower back, watched the loss to Tampa Bay in Baltimore from the dugout while Willis Otanez took over at third base.

Otanez hit his first major league homer and a double.

"I could beat my head against the wall and go do it today, but it doesn't make sense," Ripken said. "We're going to just work toward being ready tomorrow."

Last Sept. 20, Ripken voluntarily ended his record streak of playing in 2,632 games by sitting out the Orioles' final home game against the New York Yankees.

Dave Martinez homered and drove in four runs for the Devil Rays.

Yankees 4, Athletics 1 Ramiro Mendoza, whose first start of the season had become a source of friction between George Steinbrenner, the Yankees' owner, and Don Zimmer, the manager, pitched eight shutout innings, giving up five hits and not allowing a runner to reach second base as the Yankees won in Oakland.

Hideo Iwabu, dropped from the rotation by Steinbrenner last Thursday after he failed to cover first base twice in

one week in spring training, pitched a perfect ninth. Zimmer announced Friday that Mendoza would start and then stuck to his decision when Steinbrenner changed his position Saturday and said Iwabu should start.

Chad Curtis homered for the second straight game for the Yankees.

Red Sox 6, Royals 0 Bret Saberhagen pitched six scoreless innings, and Jose Offerman got two hits and scored twice as Boston won in Kansas City.

Saberhagen, who won 110 games and two Cy Young awards with Kansas City from 1984 to 1991, gave up just three singles.

Offerman, who left Kansas City to sign a \$26 million contract with Boston in the offseason, doubled in the third and scored Boston's first run.

Rangers 10, Tigers 7 Rafael Palmeiro homered for the first time since he returned to Texas, helping make Mike Morgan a winner for his 10th team, a record. Juan Gonzalez, Todd Zeile and Lee Stevens each had three of the Rangers' 18 hits as Texas won at home.

Indians 9, Angels 1 Dave Burba struck out 10 and allowed just three hits in six innings, and Omar Vizquel drove in four runs as Cleveland won in Anaheim.

Blue Jays 9, Twins 3 David Wells gave up three runs on seven hits in six innings as he gained a victory in his first start of the season for Toronto. Carlos Delgado, Tony Fernandez and Shannon Stewart all homered as the Blue Jays won in Minneapolis.

Henderson, 40, Still Has What It Takes

The Associated Press
At the age of 40, Rickey Henderson can still play.

He hit two homers and two doubles while scoring four times to lead the New York Mets over the Florida Marlins, 6-0, Wednesday night.

"I've still got pop in the bat," said Henderson, who struggled in spring

six innings by Steve Avery, San Francisco scored seven runs in the eighth to complete a three-game sweep in Cincinnati.

Avery didn't give up a hit until Jeff Kent's leadoff single in the seventh. Avery got the first two outs in the eighth before giving up a walk and Stan Javier's first right-handed homer since 1997.

Greg Vaughn, who hit 50 homers for San Diego last season, homered for the Reds.

Expos 4, Pirates 3 Chris Widger's ninth-inning grounder against a drawn-in infield drove in the go-ahead run as Montreal won in Pittsburgh.

Shane Andrews doubled to start the ninth. After a walk, the runners moved up on a grounder. Andrews scored the go-ahead run from third when shortstop Abraham Nunez threw late to the plate on Widger's grounder.

Cardinals 4, Brewers 1 Fernando Tatis hit a two-run homer, his second in as many games, as the Cardinals beat Milwaukee in St. Louis.

Mark McGwire, who homered in the Cards' opening night loss, went 2 for 3 with a walk. His run-scoring double broke a 1-1 tie in the sixth.

Cubs 9, Astros 2 Sammy Sosa got his first hit of the season, and Glenallen Hill drove in four runs, two of them with a

homer, as Chicago won in Houston.

Sosa, who went 0 for 4 and struck out three times Tuesday, went 1 for 3 with three walks and a run-scoring double in the third inning. Hill followed with a two-run single.

Brewers 4, Phillies 0 John Smoltz allowed four hits in seven innings and retired the last 13 Philadelphia batters he faced in Atlanta.

He struck out eight and did not allow a runner past second base before leaving for a pinch-hitter.

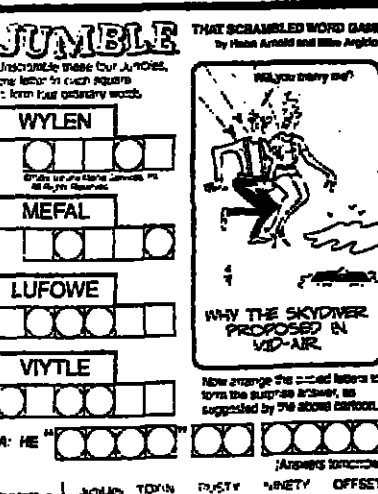
Padres 2, Rockies 1 Jim Leyritz, who hit four homers for San Diego in the playoffs last year, hit his first of the season leading off the bottom of the ninth.

Leyritz, pinch-hitting for John Vander Wal, drove a 1-1 pitch from into the left field seats in San Diego. The homer gave Roberto Rivera his first big league victory.

Dodgers 6, Diamondbacks 4 Raul Mondesi hit his third homer, and Ismael Valdes pitched 7 1/3 strong innings as the Dodgers completed a three-game sweep of Arizona in Los Angeles.

Luis Gonzalez hit two homers for Arizona, and Matt Williams had one, giving the Diamondbacks eight in their first three games.

DENNIS THE MENACE

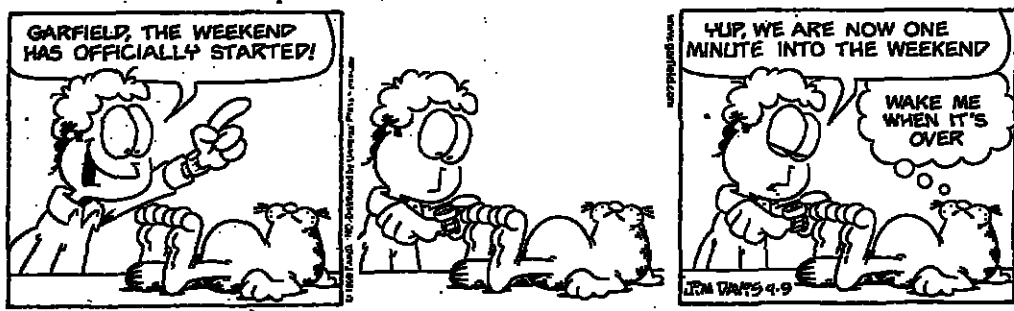


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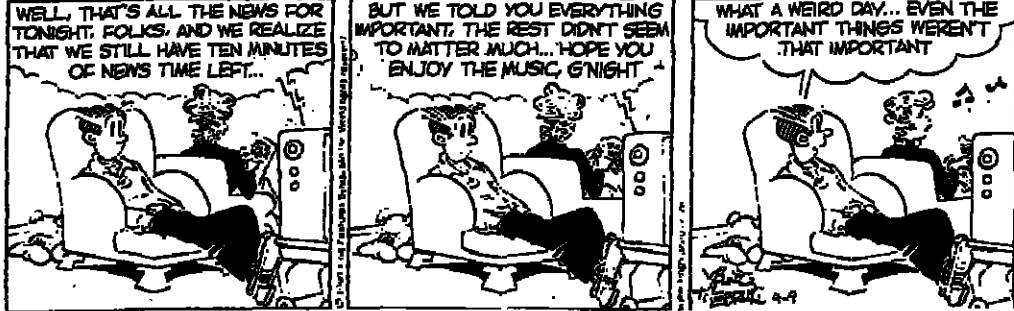
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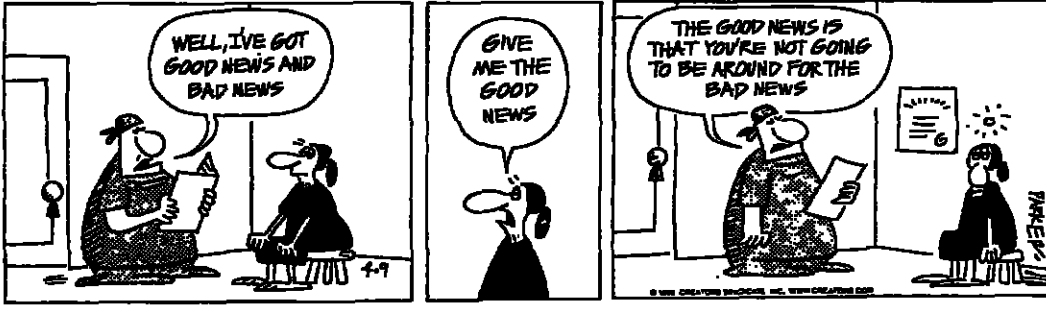
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POSTCARD

Cat Evictions in Venice

By Alessandra Stanley
New York Times Service

VENICE — Rich tourists in Venice flock to the island of Giudecca, site of the Cipriani Hotel. Homeless cats take up residence on San Clemente, a lush island nearby on the lagoon. The cat shelter menu is not as varied as the hotel's, but feline guests are served fresh pasta with kidney sauce every day by doting volunteers from the animal rights organization Dingo.

And those volunteers are not happy about the city's plans to evict San Clemente's 250 sick or stray cats and relocate them to a smaller, damper strip of land on the Lido. Neither, for that matter, are the elected leaders of the neighborhood where the cats are tentatively destined.

San Clemente, which was sold at auction in February to a real-estate development consortium, is Venice's latest attempt to brighten its economic prospects. But as with almost all such efforts, planning for the future keeps getting tangled up in the past. The dispute, moreover, is covered by a thick fog of bureaucratic confusion and mistrust over what exactly is the plan for San Clemente and its cats.

It can get ugly. One local Lido official complained that his political opponents were spreading a rumor that the cats had AIDS to prevent their transfer there. (Some do have the feline immunodeficiency virus, which is not transferable to humans.)

Ten years ago, Dingo persuaded the city to open a cat clinic and sanctuary on San Clemente, an ancient pilgrimage site that in the 19th century served as an insane asylum and was finally closed down in 1992. Imposing 19th-century buildings are still intact, as is an exquisite Baroque church, though it was stripped of its most precious art works by thieves in 1992, when the island was uninhabited and unguarded.

Now, a guard and three watchdogs keep strangers away. Sick cats are tended in a clinic inside one of the abandoned buildings. Healthier

cats live outdoors in the rambling ivy-covered garden, sleeping in wooden sheds and playing in large cages set amid chestnut trees.

Cats in Venice have reason to be trusting. Venetians believe cats saved the city from the devastating plague of 1348 by killing diseased rats, and so treat them with deference. (There were some lapses, notably during World War II, when cats were eaten.)

Thirty years ago, more than 12,000 stray cats roamed the streets, and many were sick and starving. In 1964, an English tourist, Helena Sanders, was so appalled that she and Venetian cat lovers formed Dingo, which now maintains several cat colonies in Venice. Venice was the first Italian city to pass an animal rights act, in 1987 (one was adopted nationally in 1991), and it guarantees stray cats an area to live in freedom. The city provides money for food, and caters to the powerful animal lovers' lobby. At City Hall, the mayor has a special adviser on animals, Andreina Corso. She is an unapologetic advocate who describes Venice as too anthropocentric.

But Compagnia Finanziaria di Investimento, the real-estate consortium that includes the clothing manufacturer Benetton, bought San Clemente for \$11 million and expects to spend \$40 million in restorations before selling it as a 300-room luxury hotel and conference center.

Cats are not part of the package. "I love cats, but 200 is too many," said Aldo Mazzocco, a director of the real-estate consortium. "Our deal was that the city would take them away."

That was supposed to happen in December, but the deadline expired as Venetians debated. Sandro Cicogna, president of the neighborhood association of Malamocco, on the Lido, said he had agreed to accept the cat shelter temporarily, and only on the condition that the city also build a soccer field and a small park near the site.

"Maybe I'm being duped," he said. "But how can we resolve this? Kill the cats?"



Stefania Caruso, a Dingo volunteer, with her charges.

By Jesse McKinley
New York Times Service

NEW YORK — Every time the producers of "The Iceman Cometh" want to have a light bulb changed, they need to use a three-man crew, each member earning \$43.36 an hour. To fashion the three women's wigs they needed, the producers paid \$2,250, saving at least \$750 each by having molds made of the actresses' heads and having the hairpieces made in England. And \$3,000 went for drying up some of the show's rented costumes to make them more appropriate to the Bowery-like mise-en-scène.

Such are some of the more arcane expenses behind Broadway's only \$100 ticket, for orchestra seats to the latest production of Eugene O'Neill's barroom epic, which was transplanted from London and stars Kevin Spacey. "Iceman" is only the third show in Broadway history to cost \$100 a seat: the two-part "Nicholas Nickleby" did so in 1981, as did "Miss Saigon" a decade later. But some Broadway veterans suspect it is a harbinger.

Producers say the price increases are justified by rising production expenses, costs that far eclipse dirt wigs and bulbs.

To illustrate this, Emanuel Azenberg, lead producer of "Iceman," took the unusual step of opening his books and budgets to a reporter. Many of the budget figures were estimates, and the figures have not been audited yet by an accountant. But several other experienced producers said the figures looked accurate and were, if anything, somewhat lower than what they have been paying.

What emerges is not only Azenberg's rationale for the \$100 ticket but also the intricate and sometimes laborious processes by which "Iceman" and other Broadway shows spend — and save — money.

By Azenberg's figuring, it is a show that will cost \$5 million to present on Broadway for 13 weeks. This broadly breaks out as a \$1.5 million initial capitalization to mount the show — that is, to bring in the stage equipment, cast it and otherwise get it ready to open — and \$3.5 million, or \$250,000 a week, in running costs. He also expects some unbudgeted costs, like advertising for the Tony Awards.

With the maximum potential weekly gross of roughly \$500,000, Azenberg says a sellout of the run would mean income of about \$6.5 million to \$6.6 million, depending on variables like possible standing-room tickets. Subtract about 1,400 free house seats



Kevin Spacey, left, and Paul Giamatti in "The Iceman Cometh."

(\$140,000) for Tony voters and about 300 for the press (\$30,000), and the final profit for a sellout will be roughly \$1.5 million. "A million-dollar profit, maybe, on a \$1.5 million risk, is not excessive," Azenberg said.

But "Iceman" also presents unique challenges for a producer. The first is its large cast: 19 actors and seven understudies. Then there is its length, four and a quarter hours, which means overtime for backstage employees and only seven shows a week. (The Broadway standard is eight.) Finally the limited run — 13 weeks, the term of Spacey's commitment — leaves a small window for producers to earn back their \$1.5 million and make a profit.

"The play has a giant cast, it's in overtime from the get-go and we're only doing seven performances a week," Azenberg said. "You charge any less, you're suicidal." Still, the show had few of the gigantic costs that typically drive up expenses of blockbuster musicals. It has only one set, no orchestra or pyrotechnics.

The producers and their general manager, Abbie Strasser, have scrimped and bargained to cut costs. They bought a dishwasher for \$600 to eliminate hand-washing — and possible overtime. Costumes were

as did the rest of the cast. (As a producer, Spacey will also share in any profit, as will the rest of the cast, the O'Neill estate, the director and the five other producers.) The director, Howard Davies, and designers are also taking the minimum fees for their work.

Last July, Strasser went to London with the show's technical supervisor, who oversees construction of the show. Several crucial budget decisions were made. The team realized it would be cheaper for the producers to buy the set from the Almeida for \$35,000 and spend \$15,000 to ship it to New York than to build a new set here. Props, including dozens of glasses, were bought in New York. The original costumes were rented for about \$3,500 and altered for the American actors. Still, the three women's costumes were worn out in London and were refashioned in New York at a cost of \$25,000.

Azenberg said that fully one-sixth of his preproduction budget, \$250,000, went to advertising, from mailings to splashy newspaper ads. And \$350,000 was set aside to buy or rent the stage equipment and pay laborers to get and adapt the set, costumes, lights and sound gear for the theater. Rental of the theater is \$10,000 a week plus an undisclosed percentage of the gross. Theater owners charge producers for much of the cost of running the theater (about \$5,000) and for the salaries of a dozen or so employees (\$21,000).

When a production enters a Broadway house, it finds an empty stage. Crews have to haul in every piece of lighting and sound equipment and the computers to coordinate it all. The initial lighting budget for "Iceman" was \$75,000, including about \$20,000 to buy bulbs, gels and other equipment; a bulb for a spotlight can run \$700. The set, which arrived in January, had to be adapted at a shop in the Bronx to fit into the Atkinson: \$90,000.

Labor, of course, is the biggest expense. Weekly salaries, from actors to press agents, run \$57,601 plus payroll tax, pension and welfare, vacation pay and sick leave. The technical supervisor, casting director and designers each get a weekly fee, budgeted at \$4,000. Weekly the cost is \$79,489.56. Total for the entire run: \$1,033,364.20.

If all goes well, some money is returned. The unions for the stagehands, actors and press agents each ask for bonds and deposits in the event that their producers can't pay their members fees. For "Iceman," that means \$82,250 is frozen. "As a veteran of this, I'm always grateful getting some money back," Azenberg said.

PEOPLE

THE writer Michael Cunningham has won the \$15,000 PEN/Faulkner Award for his novel "The Hours." Cunningham's third novel is set in New York and tells a complex story based on Virginia Woolf's novel "Mrs. Dalloway." The prize is the largest awarded by a jury in the United States for fiction. Past winners include Philip Roth, T. Coraghessan Boyle, E. L. Doctorow, Don DeLillo and Richard Ford.

Paul Newman is giving \$250,000 to Catholic Relief Services to assist refugees and others suffering in the Balkan crisis. "It is our hope that by giving this donation to the Kosovo refugees, we will set an example that other corporations will follow to alleviate the plight of these unfortunate people," the actor said in a statement.

Kim Dae Jung, a political dissident in South Korea who survived imprisonment and assassination attempts to become his country's president, has been awarded the Philadelphia Liberty Medal. He will accept the \$100,000 prize at Independence Hall during the city's Fourth of July celebration.

The Puerto Rican rap singer William Jorge Brewley was arrested Wednesday for possession of heroin as he tried to board an airplane in Caracas, Venezuela, for Miami. The authorities said Brewley, also known as the "Godfather of

Rap," had 3 kilograms (6.6 pounds) of heroin hidden in plastic bags in the soles of his sneakers, which had false bottoms. Colonel Manuel Verde Acosta of the National Guard's anti-drug unit said agents decided to search Brewley because he looked nervous while trying to board.

Sarah Ferguson, the Duchess of York, is to be the spokeswoman in the United States for the Wedgwood pottery and china firm, the Sun tabloid reported Thursday. The daily said she has insisted she will represent the firm only in the United States and not in Britain because she does not want to upset the royal family.

A daredevil arrested last week for jumping off New York's tallest building has sued a tabloid television show for refusing to pay for his stunts and turning him in to the police. Thor Axel Kappfjell of Norway, who has pleaded guilty to a charge of reckless endangerment, is seeking \$2.25 million from the television show "Extra" for alleged breach of contract. Kappfjell charged that Barry Levine, editor of "Extra," was to pay him an undisclosed sum for a videotape of him parachuting off the World Trade Center on March 26. But, the lawsuit claims, Levine arranged for the police to arrest Kappfjell so a crew could film it. After the arrest, the suit alleges, a friend of Kappfjell's called Levine for the \$7,500 so the Norwegian could make bail and the editor replied, "I do not pay criminals."



SCALPERS — Andie McDowell and Andy Garcia at the Madrid premiere of their movie "Just the Ticket."

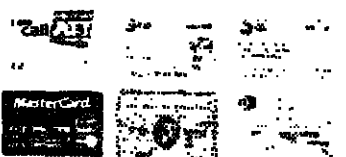


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